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NEWS SUMMARY

GENERAL

Kidnap man dead – IRA

The Provisional IRA said they had "executed" RUC Constable William Turbitt, who was kidnapped on Saturday, but gave no information where the body was.

Father Hugh Murphy, freed after being seized in retaliation for the policeman's abduction, said he was heartbroken at the news.

Mrs. Margaret Thatcher, who is expected to work at improving relations between the Conservative Party and the Ulster Unionists while in Northern Ireland, was accused by Mr. John Pardoe, Liberal economic spokesman, of making "the most despicable visit by a British politician since Chamberlain's last trip to Munich." She visited James Mackie, the Belfast textile engineers, one of the first companies put on the Government's blacklist for exceeding pay guidelines. Page 11

£¼m gems haul

A six-man gang escaped with an estimated £250,000 worth of cut and uncut diamonds from a jeweller's shop in an arcade beside the Savoy Hotel, London. The raiders, who brandished a sawn-off shot gun and an axe, left trays of made-up jewellery after ransacking the safe.

Belgian pact

Belgium's five-day Government crisis ended when the four parties in the ruling coalition negotiated a compromise on cuts in public spending and moves toward regional autonomy. King Baudouin formally rejected Prime Minister Leo Tindemans' offer to resign. Page 2

Captain's claim

The master of the Amoco Cadiz told an inquiry in London that just before the vessel's steering gear failed he changed course towards the French coast to avoid a collision with another tanker heading towards him. Back Page

Threat to tennis

Wimbledon tennis broadcasting next week may be threatened if Post Office engineers refuse to lay power lines in support of a claim for a five-hour cut in the working week. TV technicians may support the engineers. News Analysis, Page 8

524-day ordeal

An Italian film producer, who was kidnapped in Milan, chained to a bed and kept alive on cold tinned food for 524 days, was freed in Gela, Sicily, after his family was believed to have paid a £3.3m ransom.

Ali at Kremlin

Soviet President Leonid Brezhnev welcomed Muhammad Ali, the former world heavyweight champion to the Kremlin with a kiss on both cheeks.

Briefly . . .

Hotel dishwasher from Italy was jailed for two years at Knightsbridge Crown Court for slashing a Poussin painting in the National Gallery, causing damage which halved its value.

Princess Caroline of Monaco is to be given two Siberian tiger cubs as a wedding present from a West German circus owner.

Sir Dingle Foot, the civil rights lawyer and former Labour Solicitor-General, has died in Hong Kong. Obituary, Page 11

Earth tremor shook Salonica, Greece. One person died of shock and several were injured.

West German diplomat was wounded by crossfire in an East Berlin gun battle between police and an armed fugitive.

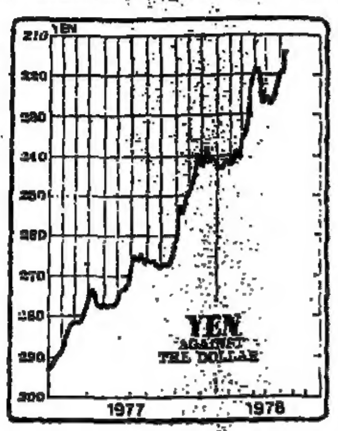
Siamese twin girls, born in Oporto, Portugal, nine days ago and joined at the stomach and thorax, have died.

Libel action brought against Times Newspapers by Mr. Robert Maxwell, the former Labour MP, is to begin early next year and is expected to last six months.

BUSINESS

Record high for Yen; Gilts dip

● Yen reached a further postwar high against the dollar, and it closed at a record Y213.40. STERLING closed 40 points



better at $1.8350 and its trade weighted index remained unchanged at 61.3. The dollar came under pressure and its depreciation widened to 6.1 per cent (5.9).

● EQUITY leaders drifted on scattered selling, and the FT ordinary share index closed 3.6 down at 467.0.

● GILTS were still affected by the two large tap issues and losses were recorded at the longer end. The Government Securities index eased 0.50 to 69.94.

● GOLD closed 5¼ up at $185¼ in London and in New York the June Comex price closed 90 points up at $186.60.

● WALL STREET closed up 1.65 at 838.62.

● NATIONAL WESTMINSTER Bank is to raise the charges of running accounts to personal customers, following a similar move by Lloyds Bank. Page 8

● JAPAN'S visible trade surplus in May was reduced by nearly $1bn, the Finance Ministry has announced. Reduction of the trade surplus, which Japan regards as its biggest international responsibility, may lead to emergency uranium imports and oil stock-piling, the Japanese Prime Minister has said. Back Page

● UNIT TRUST sales, though still buoyant, fell from the £70.3m recorded in April to £53.2m last month, bringing overall sales for the first five months to £244m (£141m). Page 6

● LOCAL AUTHORITIES have been allocated £100m by the Government for land acquisition over the next two years, in an attempt to stimulate the Community Land Scheme. Page 6

● HEALTH SERVICE employees showed their dissatisfaction over pay when the 211,000 strong Confederation of Health Service employees called for a minimum £80 a week wage. Page 8

● NATIONAL GRAPHICAL ASSOCIATION general secretary has emphasised the fierce opposition of some union leaders to any form of incomes policy after Phase Three expires. Page 8

COMPANIES

● COURTAULDS auditors, Price Waterhouse, have said that the company's taxable profit for 1977-78 was overstated by £4m because of the group's failure to apply the relevant accounting standard in regard to regional development grants. Page 21

● PETBOW Holdings pretax profit rose 13 per cent to a record £3.14m for the year ended March 31, on turnover 23 per cent ahead at £21.38m. Page 21

● REDUCTION in the amount of information companies have to give the Prices Commission before raising their prices is expected to be made by the Government when the present Price Code expires this summer. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

ATV A	114	+ 4
HK Land	173	+ 8
Jardine Matheson	288	+ 10
Jardine Secs.	141½	+ 4½
Leslie & Godwin	104	+ 3
Matthews (B.)	149	+ 10
Milbury	110	+ 5
Norwest Holst	95	+ 5
Pilkington	535	+ 15
Swire Pacific	148½	+ 8½
Swire Prop.	71	+ 5
Wheelock Marden	58	+ 8
Highlands	116	+ 6
London Sumatra	155	+ 5
Baraoora Tea	126	+ 12
Noyapora Tea	245	+ 20
Anglo-American	336	+ 8
Union Corp.	270	+ 8

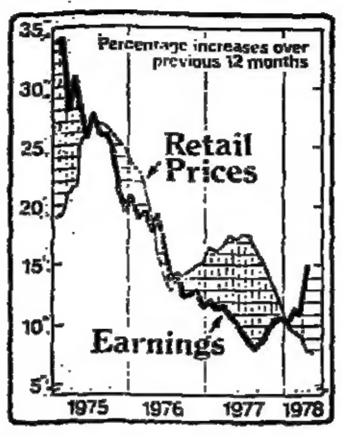
FALLS:

Treasury 15¼% 1998	£121½	− ¼
ANZ	285	− 10
Anchor Chem.	68	− 4
Barclays Bank	318	− 7
Bowater	198	− 4
Hawker Siddeley	218	− 6
Intereuropean Prop.	32	− 2
Inv. Trust Corp.	265	− 8
Pauls & Whites	116	− 4
Randalls	65	− 4
Attock Oil	90	− 6
Siebens (UK)	338	− 14
Anglo Utd. Devs.	197	− 28
Central Pacific	370	− 25
Northgate Explrtion.	440	− 15
Oakbridge	170	− 6
Sabina	77	− 7
Southern Pacific	195	− 33

Average earnings accelerate as economy expands

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The rate of increase in average earnings has accelerated in recent months, so the rise in pay during the current round to July may be slightly higher than recent more optimistic Government projections.



The increase is attributed partly to the upturn in the economy.

This is suggested by yesterday's figures from the Department of Employment, showing a 3.6 per cent rise in the index of average earnings in April for a cumulative increase of 13.9 per cent seasonally adjusted in the first nine months of the Phase Three pay policy.

This is equivalent to an annual rate of 18.5 per cent and contrasts with recent unofficial—though fairly explicit—Whitehall hopes that the outcome might be around 14 per cent for the full 12 months.

The result is that real earnings are now rising very sharply after adjusting for the slowdown in price inflation.

There was an unusual unanimity yesterday in both industry and in Whitehall that the significance of the figures should not be exaggerated.

Sir John Methven, director-general of the Confederation of British Industry, said that "too much should not be read into one month's figure, which has been artificially boosted by back payments. It also reflects increased overtime working as the economy picks up."

"Nevertheless, pay increases are continuing at too high a level and this reinforces the need for continued moderation if British goods are to be competitive in world markets and if British workers are not to price themselves out of jobs."

Sir John will be part of a delegation of Confederation leaders seeing Mr. Denis Healey, the Chancellor, later today to discuss future pay policy.

The index may exaggerate the underlying rate of growth of pay because it covers mainly production industries and only part of the service sector.

Productivity agreements and rising overtime associated with the expansion of the economy have mostly affected production rather than service industries.

The Department of Employment also publishes a new index covering the whole economy but it has not been going long enough to be seasonally adjusted and so is not a reliable indicator of short-term trends.

However, the underlying rate of increase in this index does appear somewhat slower than for the older and narrower index.

This index rose by 9.4 per cent in the first nine months of the pay policy and officials are hopeful that the increase over the full year will be no more than their recent projection of 14 per cent.

There is considerable ambiguity here since officials have never made it clear whether the original 10 per cent guideline or their recent 14 per cent projection referred to the new or the old index.

Behind this statistical confusion, the firmest conclusion is that while the basic structure of the formal pay policy is more or less intact, there are clear

Continued on Back Page

OPEC experts to study depreciation of dollar

BY RICHARD JOHNS GENEVA, June 19.

OIL PRODUCERS ended their conference here today inconclusively by referring the depreciation of the dollar to a "high-level committee of experts" chaired by Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil.

Saudi Arabia resisted strong pressures from other members of the Organisation of Petroleum Exporting Countries to concede the principle that producers should receive immediate compensation in the second half of 1978 for the dollar's decline by putting up oil prices.

The decision to set up the committee was reached with surprising speed this morning after Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, had conferred with Crown Prince Fahd, Saudi Arabia's first deputy Prime Minister and chief decision-maker, who arrived yesterday evening on his way to visit West Germany. He is believed to have refused to make any compromise.

Sheikh Yamani said other members had agreed to delay action only after "painful argument." In the frankest statement yet on the subject by a Saudi leader he acknowledged his country's concern with preserving the value of foreign assets worth an estimated $70-80bn, mostly in dollar financial instruments. "We have a heavy investment in the dollar. We do not want to do anything to harm it."

Explaining that consumers should be prepared for an oil shortage in the mid-1980s, he proposed gradual price increases and predicted "a small dose if any" next January.

Sheikh Yamani took issue with Algeria and Libya (although he did not name them) who claim the market can support a significant rise now. He added that Saudi Arabia had received "strong indications" that those OPEC members selling light crude in competition with North Sea oil were giving discounts below official prices.

An OPEC communique announcing the establishment of the new entity expressed "deep concern" about the fluctuation in international exchange rates.

It is understood that the committee of top economists from member states will meet in London on July 10 to start preparing recommendations for submission to the next ordinary conference in Abu Dhabi, scheduled for December 16.

Most members regard some rise in the basic price to be inevitable at that meeting. However, Sheikh Ali Khalifa OPEC President, is empowered to call an extraordinary conference earlier if he believes it necessary.

His committee will be concerned solely with currency fluctuation and does not intend to deal with erosion of producers' purchasing power through inflation.

At the lowest level, the new committee might be seen as a face-saving device for members who were openly committed to obtaining an increase now and a method of buying time for the moderates.

Shipyards link for N. Sea orders

BY RAY DAFTER AND IAN HARGREAVES

BRITISH SHIPYARDS are to work together in constructing North Sea emergency support vessels in order to combat strong competition from the Japanese shipbuilding industry.

By combining their efforts UK yards hope to gain at least five contracts, worth a total of £250m to £300m, over the next few years. The semi-submersible vessels will be used by oil companies for a variety of jobs, including repair and maintenance, diving support operations, fire fighting and the provision of temporary offshore accommodation.

The state-owned British Shipbuilders group put forward its plan for speeding its delivery schedule at a meeting yesterday with Dr. Dickson Mabon, Minister of State for Energy, and senior officials of the Department of Energy's Offshore Supplies Office.

British Shipbuilders plans to share any orders among a number of yards. Each yard would fabricate a part of the vessel which would then be assembled at a central point. It is thought that British Shipbuilders could adopt this centralised marketing and design approach for other major contracts.

One of the first U.K. vessels which might be built under the new British Shipbuilders system could be an order expected to be announced shortly by British Petroleum.

It is understood that two groups are in the running for the contract: Harland and Wolff in Belfast and British Shipbuilders' Scott Lithgow yard. If the latter is successful the vessel, which will be used in the Forties Field area, would be built by Scott Lithgow in conjunction with the nearby Govan yard.

Shell UK Exploration and Production, as operator for the Shell/Esso partnership, is also seeking a multi-purpose vessel for stand-by work in its Brent Field area.

Dr. Mabon emphasised that offshore opportunities for British shipbuilders also extended to the construction of supply boats, where UK yards have already been successful, and the conversion of semi-submersible drilling rigs to floating production platforms.

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FEATURES

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Further cut in pay rises rate urged

BY MICHAEL BLANDEN

A FURTHER cut in the rate of wage increases is needed to press home the success achieved in bringing down the rate of inflation, says the Bank of England in the latest issue of its quarterly Bulletin.

For the rest of this year, inflation could be kept at around 8 per cent on a year-to-year comparison.

The rise in prices next year could be well below 8 per cent, but only "if the rise in earnings also were below this 8 per cent figure."

The Bank's assessment implies that wage rises in the next round would therefore have to be kept at around 5 to 6 per cent to hold down inflation.

The Bulletin concentrates on the importance of inflation, echoing points made by Mr.

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Gordon Richardson, the Governor of the Bank, in his Berne speech last week.

Financial confidence needed to be maintained following the recent sharp swings associated with the changing mood in the markets.

Maintaining competitiveness of British industry should be achieved "not by further depreciation of the exchange rate, but by keeping cost increases very moderate."

A new acceleration in wage inflation was not impossible, but neither was it inevitable.

"There is need now for a very general and widespread understanding of the importance of reducing the rate of inflation further, and of what is required to do this, rather than allowing it to creep up again."

The progress already made had brought the UK inflation rate almost into line with the average among competitors.

"However, this is clearly only a relative success, and other countries are now likely to give renewed priority to containing inflation."

The increase in earnings this year was still quite large. "There seems need of much greater awareness that nothing like this year's increase can safely be repeated, and that a very marked and distinct fall in the rate of increase in wages is needed if the success of efforts so far is to be pressed home."

Efforts to keep down inflation, and maintain confidence should be supported by continued

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£ in New York

—	June 19	Previous
Spot	$1.8347-8364	$1.8325-8335
1 month	0.56-0.50 dis	0.66-0.60 dis
3 months	1.66-1.57 dis	1.65-1.60 dis
12 months	5.30-5.10 dis	5.35-5.15 dis

Think Tank to probe new electronics

BY MAX WILKINSON

THE GOVERNMENT'S Think Tank—the Central Policy Review Staff—is to investigate the ways in which micro-electronics will change industry and society in the 1980s.

The investigation, to be carried out on the Prime Minister's direct orders follows confirmation from the Government that the National Enterprise Board intends to spend £50m to set up a major semi-conductor company in the UK.

The Think Tank's study will run in parallel with that of a working party of the Advisory Council for Applied Research and Development under Sir James Menter.

Sir James's committee is looking at the social and other consequences of new technology. The National Economic Development Office is also carrying out work on the subject.

The Government's sudden interest in micro-electronics stems from the realisation that a very large investment indeed will be necessary if the UK is to catch up with Japan and the U.S. in the production of standard semi-conductors including computer memories and micro-computers.

Partly because of trade union pressure, the Government has also become aware that the new micro-electronics will promote a huge increase in industrial automation, possibly at the expense of jobs.

In the last 15 years the number of inter-connected transistors which can be etched on to the surface of a single chip of silicon has risen to 100,000. A complete computer can now be contained on a chip measuring less than ¼ inch square, at low cost.

Micro-processors of this sort increasingly will take over many repetitive tasks in offices and factories. They can be programmed to carry out most of the routines which at present require machine operators.

A statement from Downing Street yesterday said: "The Review Staff will be responsible for ensuring that all Government departments are aware of the nature of the problems."

The Enterprise Board's effort to break into the market for standard mass-produced circuits is likely to be rivalled by a joint venture between the General Electric Company and Fairchild, the U.S. semiconductor company. Discussions between the two companies have reached an advanced stage, although no formal agreement has been reached.

In contrast, the Enterprise Board is not intending to link with a U.S. manufacturer, but rely on the expertise of a group of technologists tempted away from rival companies.

The Board's plans have been made independently of a Department of Industry scheme to give aid of £50m to £80m to the companies already making semi-conductors in the U.K., including the multi-nationals.

The Government and companies such as GEC are anxious because as integrated circuits move towards the goal of 1m components per chip, the semi-conductor manufacturers may start selling complete electronic systems—from computers to telecommunications equipment.

However, Dr. Melvin Larkin, manager of the U.S. company Motorola's semi-conductor subsidiary in the UK, warned yesterday that plans for new plants in Britain could be hindered by an acute shortage of middle and senior grade engineers in this country.

MPs to see Healey

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, the Chancellor of the Exchequer, is likely to face critical questioning on the Government's proposal to increase the employers' National Insurance surcharge when he makes an almost unprecedented appearance this morning before an all-party committee of MPs.

The social services and employment sub-committee of the Commons Expenditure Committee has been undertaking an inquiry into the labour market and unemployment trends.

The sub-committee requested a meeting with Mr. Healey after a session last week attended by senior civil servants where the rise in the National Insurance surcharge was the main topic.

The hearing comes at a particularly sensitive time for the Government in view of the known Liberal desire to reduce the rise in the surcharge from 2½ to 1½ percentage points.

Although other Cabinet Ministers appear frequently before Commons Select Committees, visits from the Chancellor of the Exchequer are very rare. Mr. Healey's appearance is seen as underlining the Government's determination to maintain the campaign for the National Insurance proposal.

The Chancellor is also likely to be questioned on the unemployment prospects since the figures for mid-June are due to be announced by the Department of Employment at noon today.

Belgian crisis ends as Tindemans wins partners' agreement

BY OUR OWN CORRESPONDENT BRUSSELS, June 19.

BELGIUM'S five-day long Government crisis was formally patched up today as King Baudouin refused the resignation which the Prime Minister, Mr. Leo Tindemans, handed him last Thursday. The refusal came as no surprise after Mr. Tindemans' agreement with his coalition partners earlier in the day on a compromise package to end the political deadlock which began last week.

Negotiations to end the disagreement within the Government had continued over the weekend and for four hours this morning before a compromise solution came. After that the King's refusal was a formality. A confident-looking Mr. Tindemans, cracking jokes with reporters, said: "We have found a solution to our differences."

He denied accusations that he knew his resignation would be refused and that it was all a put-up job to force his partners to make concessions. "That was a judgment of the newspapers," he said, adding: "The crisis was serious. After months of negotiations on our anti-crisis plan, there was no agreement."

It was the coalition Government's failure to agree on the so-called anti-crisis plan, which aims to cut Belgium's heavy public expenditure and impose structural reforms, which sparked off the crisis in the early hours of Thursday morning. One of the bugbears of the Belgian economy has been the towering budget deficit, estimated at a minimum of BFr 65bn ($2bn) this year. As far as structural reform is concerned, attention has centred on a series of Government measures aimed at reviving Belgium's ailing steel industry.

This morning's meeting, which Mr. Tindemans chaired, brought together the presidents of the four coalition parties — Mr. Tindemans' own right-wing Social Christian party, the Socialists and two small regional parties, the Flemish Volksunie and the Brussels-based French-speaking Democratic Front. They agreed on a compromise involving moves to regional autonomy and special powers for the Government to curb public spending.

Having won this round of political manoeuvering, Mr. Tindemans has gained new authority to push his "crisis" legislation through. But the storm in a teacup of the past few days has served to underline the weaknesses of Belgian coalition politics.

Norway doubts on Volvo

BY REGINALD DALE, EUROPEAN EDITOR

STRONG RESERVATIONS over the Norwegian Government's cars-for-oil deal with Sweden's Volvo company were expressed in London yesterday by Mr. Erling Norvik, chairman of the Norwegian Conservative Party. If he had to say yes or no to the deal in its present form, his answer would be no he told a news conference.

Conservative dissatisfaction is significant as the party is the largest non-Socialist group opposing Norway's minority Labour Government in the Storting (Parliament). The Government will be looking for additional support from outside its own ranks when the Storting debates the deal in the autumn, after its full details have been finalised.

Mr. Norvik said there were three reasons why his party was "very sceptical" about the deal under which the Norwegian Government would take more than 40 per cent of Volvo and guarantee the company North Sea oil licences.

First, he could not understand how it made sense to manufacture cars or components in Norway, where production costs were higher than in Sweden.

Secondly, he could not see what Norway would get in return for the massive funds required to help Volvo develop the new model planned under the agreement. Figures of 3,000 to 5,000 new jobs had been mentioned, but there were no specific details so far.

Thirdly, he said, he did not know "how much or what" the Norwegian Government had promised with regard to oil licences.

Mr. Norvik stressed that he was not against the deal regardless of its terms. He hoped that some kind of agreement would ultimately go through—but not necessarily on the basis of what was presently known about the arrangement.

So far, he said, it was only a skeleton agreement.

Lending by EIB is likely to top £1.3bn

By Guy de Jonquieres

LUXEMBOURG, June 19.

NEW LENDING by the European Investment Bank (EIB) is expected to total about 2bn European units of account (ua) (£1.3bn) this year. That would be roughly 25 per cent above the 1.6bn ua lent in 1977, which in turn was 23.5 per cent above the previous year's level.

This was forecast today by M. Yves Leportz, the EIB chairman, at a news conference following the bank's annual meeting at which the Board of governors formally approved a doubling of its subscribed capital to 7.1bn ua. The bank's paid-in capital will be raised to 911m ua over a four-year period starting on April 30, 1980.

The capital increase was decided in response to a demand by EEC heads of government at their European Council meeting in Copenhagen last April that EIB activities should be speeded up to combat unemployment, weak investment and continuing divergences in national economic performance.

The EIB's outstanding loans and guarantees are limited by statute to 2½ times its subscribed capital, or about 8.9bn ua before the new capital increase. At the end of last year, outstanding loans and guarantees had reached almost 7bn ua.

M. Leportz declined to say how he expected lending activities to develop beyond the end of this year. But he said that the bulk of new lending this year and next would probably be to finance energy and infrastructure projects.

The EIB, which is headquartered in Luxembourg, is the Common Market's principal lending institution and was established by the Treaty of Rome. Its Board of Governors is composed of the Finance Ministers of the nine EEC member countries. Its last capital increase (75 per cent) was made in 1975.

Loans for projects within the EEC or of direct interest to its member countries accounted for 1.4bn ua last year, a 29 per cent increase over the 1.1bn ua lent in 1976. The rest, 170m ua, went to investments outside the EEC, in Africa, the Caribbean, Portugal and the Pacific.

For the second year running, Britain accounted for the single biggest national share of EIB lending, 499m ua (£321m), or 35 per cent of all new loans made inside the EEC.

European assembly split over China links

BY DAVID WHITE PARIS, June 19.

A HIGHLY controversial motion urging European governments to strengthen links with China has divided delegates at the Western European Union's spring assembly which started in Paris today.

The WEU plenary session, attended by MPs from the UK and the six countries of the original Common Market, will discuss the motion tomorrow, overriding the objections of the French Socialists and Italian Communists.

A key part of the motion proposed by Sir Frederic Bennett, Conservative MP for Torbay, recommending a policy favourable to arms sales to China, was deleted in order to gain passage through the WEU's general affairs committee.

The deletion, believed to have been made at the instance of the French and Italian Left, followed a formal protest by the Soviet Embassy to the Foreign Office in London. The Soviet protest—against "a demonstration of collective hostility to the Soviet Union which could cause irreparable damage to international security"—is understood to have been repeated in Bonn and Rome.

But Sir Frederic is proposing to reinstate a clause asking the WEU to "consider objectively, in accord with already-declared British policy, any requests by China to purchase defence equipment." This is in addition to proposals for closer links in trade and technology.

Replying to a question from Sir Frederic in today's session, M. Olivier Stirn, Minister of State at the French Foreign Ministry, said that France envisaged co-operation with the Chinese "in all domains." Chinese missions have recently been holding preliminary discussions in both France and the U.K.

A memorandum presented by Sir Frederic says that Europe "should respond favourably to the growing opportunities to co-operate with China in increasing the latter's defence capacity," in order to reinforce "the overall deterrent against any Soviet military opportunism."

Quoting Metternich — "the enemies of my enemies are my friends"—the report echoes the sound of the hot potato dropped last month in Peking by Sir Neil Cameron, Chief of Defence Staff, who referred to the Soviet Union as a "common enemy."

China's Ambassador in Paris has been invited as an observer to the debate, believed to be the first on the subject of European-Chinese defence links held in an international forum.

Security in the Mediterranean, the implications of African conflicts for European defence and the problem of international terrorism and disarmament also come up for discussion in the next few days. Proposals include pressure on the U.S. to lift curbs on arms sales to Turkey, the limitation of arms sales to Africa and the setting up of an international force against terrorists on the lines of Interpol.

Terrorism and Mediterranean security were the main concerns expressed by Sig. Arnaldo Forlani, Italian Foreign Minister, in a speech to the opening session today. He said that developments in the Red Sea and in Africa threatened to turn the Mediterranean into a theatre of conflict.

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Paris taxes up in row about cost of police

By Our Own Correspondent

PARIS, June 19.

THE CITIZENS of Paris have become the main victims of a bitter row between their Mayor, the Gaullist leader, M. Jacques Chirac, and the Government over who should pay for the city's little-loved police force.

Following a decision by the City Council today, local taxes will go up by 17.5 per cent, instead of the planned 10.5 per cent to make up for the heavy contribution to the cost of the police which the state is asking the city to pay.

The affair has taken on a political dimension because of the personality of the Mayor.

President Giscard d'Estaing still appears to be smarting from the slap in the face which M. Chirac gave him when the latter ran for Mayor against the Government's official candidate last year, while M. Chirac is using his new office to snipe at the President.

Matters came to a head when M. Chirac persuaded the Gaullist-dominated City Council last month to make a cut of FFr 142m (about £17m) in the FFr 292m contribution demanded by the state towards running the Paris police. From a strictly legal point of view, the state is right, as even M. Chirac admits, but he argues that the law is applied only in the case of Paris.

The Government retaliated last week by ordering the sum which the City Council refused to authorise to be drawn directly from its treasury.

● Renault, the French motor group, said today it is to lay off temporarily 9,000 of the 20,500 workers at its plant at Flins, west of Paris, because of strike action by heavy press operators.

Spain offers tariff concessions

BY ROBERT GRAHAM MADRID, June 19.

SPAIN is willing to make cuts in industrial tariffs before completing negotiations for entry into the European Community. However, such concessions would be on the condition that the EEC in the meantime adopt a more sympathetic attitude to Spanish agricultural products, Spain's Minister in charge of EEC negotiations, Sr. Leopoldo Calvo-Sotelo, told the Financial Times on the eve of his visit to London.

This is one of the points he will make to British Ministers when tomorrow he begins two days of talks in London. Since his appointment to the specially created post in February, this is the first time that Sr. Calvo-Sotelo has visited London. Two weeks ago he was in Paris.

Spain, anxious to display its European credentials, accepts *that some of its industrial tariffs* are too high. But Sr. Calvo-Sotelo insists that Spanish agricultural producers feel that they could be included in a more preferential arrangement.

This is especially so since the existing arrangements between North African agricultural producers and the EEC are more favourable than those between Spain and the EEC, he maintains.

Quietly but firmly, Sr. Calvo-Sotelo also emphasises Spain's concern over the general nature of EEC agricultural policy which favours "northern" producers at the expense of the Mediterranean countries.

After three months of contacts with EEC officials and preliminary soundings with Ministers of four member countries, Sr. Calvo-Sotelo believes that much value could be gained from a meeting of existing members plus the three new applicants—Greece, Portugal and Spain.

This could be either formal or informal. But he feels that a top-level meeting with all represented would help the negotiating process.

"*Our cards are on the table.* This is an open negotiation, he says.

The most significant global issue is Spain's status before membership and the nature and duration of transition to full membership.

As an applicant Sr. Calvo-Sotelo regards Spain's position as not strictly that of a third country. Thus, even before transition arrangements are approved, specific measures can and should be taken. This could be the case, for instance, with Spanish labour inside the EEC.

Although the question of fishing in Community waters is being treated somewhat separately, this too could come within this context. Spain has been seriously hit by the introduction of the 200-mile limit. The 1,200-boat northern fleet now finds itself having to reconvert, lay up or redirect more than 80 per cent of its vessels.

What the Spaniards seem to be hoping, without specifically saying so, is that problematical renegotiation of the 1970 preferential agreement with the EEC be superseded by other interim measures tailored to the new situation of Spain as an applicant.

New interim measures before joining the EEC would also give the Spanish Government something to demonstrate to the electorate.

In London Sr. Calvo-Sotelo will be particularly interested to hear British views on enlargement. The Spanish are still puzzled whether Britain views enlargement as a dilution beneficial to the retention of Britain's sovereignty or a potential strengthening of the Community.

They are further puzzled by the British Government's seemingly ambiguous stand on direct elections to the European Parliament. The Spanish dislike the idea of their entry acting as a catalyst to dilute the Community's ideals and institutions. Spain believes it has a positive role to play, creating a new niche between the larger sized members and the smaller ones such as Belgium, Denmark, the Netherlands and Luxembourg.

Portuguese State sector loss attacked

By Jimmy Burns

LISBON, June 19.

PORTUGAL'S nationalised sector lost Es 11bn last year, and its losses could become much more so unless the Government introduces a tough prices and incomes policy to complement the monetary restrictions already introduced.

This warning was given by Dr. Silva Lopes, Governor of the Bank of Portugal and the President of Portugal's EEC negotiating Committee, at a weekend seminar organised by the Association of Portuguese economists.

Dr. Lopes said that nationalised companies must become centres for generating investment, not consuming savings.

He criticised the rise in labour costs in nationalised industries.

Dr. Lopes also staunchly defended the tough monetary and credit restrictions introduced as a result of Portugal's negotiations with the International Monetary Fund.

These however were criticised by many economists at the seminar and the Association's concluding report noted that the Government's monetary policies "threaten to have a detrimental effect on the financial position of nationalised companies."

Defenders of Portugal's nationalised sector believe that the banks, although themselves nationalised, are increasingly using profitability as the dominant criterion for lending, unjustifiably neglecting social considerations such as the need to create jobs.

Catalan police protest

BY DAVID GARDNER BARCELONA, June 19

POLICE OFFICIALS of the Cuarto General de Policia have been working to rule in Catalonia since Saturday, claiming that police reforms agreed at Friday's Cabinet meeting are inadequate.

They have been rigorously checking passengers' luggage and documentation at frontiers and ports. They have delayed aircraft and ferries, and caused queues of up to two miles on both sides of the French frontier, seriously affecting tourist traffic to the Costa Brava.

The police officials, who mainly carry out plainclothes work, said they would lift the work-to-rule from midnight tonight. But they would propose at a Madrid conference tomorrow that the action be relaunched nationally if the Interior Ministry refuses to meet their demands.

Thereafter they would be calling for the resignation of Sr. Martin Villa, the Interior Minister, and would consider the possibility of a national strike. The police are forbidden to strike by law.

They are looking for professional recognition for their job and its complete dissociation form the military. The Cuarto General, unlike the paramilitary Civil Guard or Policia Armada, is a civilian force but subject by area to military command.

The action of the Catalan force has received strong backing from other regions, in particular Madrid and the Canary Islands.

OECD warns Yugoslavia over growth policy risks

BY ROBERT MAUTHNER PARIS, June 19.

THE OECD secretariat today warned the Yugoslav Government that its high economic growth policy could cause substantial balance of payments and inflation problems unless it was modified.

Though the warning was couched in the traditionally euphemistic language in which the international organisation likes to wrap up its reflections on national economies, its message was unmistakable.

"It is clear that the Yugoslav economy cannot sustain a rate of expansion much faster than in other countries, especially in Western Europe, however desirable this might be, without increasing the current external deficit," the latest OECD annual review of the Yugoslav economy states.

In 1977, the current account shortfall amounted to about $1.5bn, some 4 per cent of the GNP. Though its financing did not raise any major problems, the OECD secretariat considers that some reduction is now desirable and that there must be some subordination of the growth objective to balance of payments constraints.

Last year, the economy expanded by more than 7 per cent and the official target for 1978 is for another rise in GNP of 6-7 per cent.

The secretariat is of the opinion that the Yugoslav authorities should take measures to dampen private consumption which has an appreciable import content and which, contrary to medium-term aims, grew as quickly as GNP in 1976 and 1977.

Under the reduced growth strategy, investment should be given priority over consumption, making it all the more important that investment is channelled to areas where the real rate of return is the highest.

With increased decentralisation of the decision-making process, the interest rate should be allowed to play an increasing role in the allocation of investment funds.

But the OECD secretariat emphasises that, even with a more moderate growth of demand and output, significant inflationary pressures are likely to persist. The cost of living last year rose about 14 per cent and a similar increase is expected in 1978.

Belgrade congress opens

BY ANTHONY ROBINSON BELGRADE, June 19.

THE SOVIET Politburo's decision to send one of its youngest members, the 60-year-old Mr. Feodor Kulakov, to lead the Soviet party delegation to the 11th congress of the League of Communists of Yugoslavia (LCY), which opens tomorrow has been received with considerable satisfaction in Yugoslav party circles.

At the last congress, four years ago, the Soviet delegation was led by Mr. Andrei Kirilenko and up to the last moment there was uncertainty here as to whether he would come again Mr. Kirilenko is tipped as a possible successor to the Soviet President, Mr. Leonid Brezhnev, although he is even older than the Russian leader. The decision to send Mr. Kulakov, who is currently in charge of agriculture and has not had a great deal of international experience will give him direct experience of the Yugoslav party which has been the greatest ideological thorn in the side of the Soviet party since the break with the Cominform in 1948. It will also give the Yugoslavs a chance to become better acquainted with a man who, because of his age, can be expected to be somewhere at the top of the Soviet hierarchy throughout the next decade.

This will also be the decade in which Yugoslavia will have to develop and defend its own system of socialist self-management without the charismatic leadership of the 86-year-old President Tito, whose opening speech today is awaited with great interest.

To judge by the news conference given yesterday by Mr. Aleksandr Grlickov, the powerful secretary of the LCY executive in charge of relations with other Communist parties, President Tito will emphasise the theme of continuity.

The insistent hammering on the theme of continuity reveals the fact that what is really under discussion here is how to ensure that the essence of Titoism survives after Tito. In particular, it means how the LCY can maintain and strengthen its "leading role" within a one-party system, while at the same time increasing internal party democracy and mediating between what is called "the plurality of self-management interests."

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EUROPEAN NEWS

Parties to begin talks on Leone's successor

BY DOMINICK J. COYLE

ROME, June 19.

OVER 1,000 deputies, senators and regional government representatives meet in special joint session of the Italian Parliament in 10 days' time to elect a new President of the republic. Since Sig. Giovanni Leone's dramatic resignation last week the parties have not agreed on a candidate, but the position is expected to clarify soon.

Tomorrow Christian Democrat leaders meet. They will be looking for a candidate who can secure Communist Party backing. This will be followed by a long-arranged meeting of the leaders of the parties supporting Sig. Giulio Andreotti's minority Christian Democrat Government, including Sig. Enrico Berlinguer, the Communist leader, which offers an opportunity for a political deal.

Suspicions over the weekend that a tentative deal had already been done forced Sig. Berlinguer to issue a public denial, but the possibility of an agreement being reached privately before the first Presidential ballot on June 29 should not be ruled out. Without a deal a successful outcome of the first round would be almost impossible, for the inconclusive general election two years ago gave the Communists a virtual veto on the candidate

Daly's unique Christian Democrat-Communist alliance will be on trial in the Presidential contest. Sig. Andreotti's Government needs Communist parliamentary backing to survive and, with the prevailing economic, social and public order difficulties, none of the major parties want an early general election. But Sig. Berlinguer's support for the Government—a policy not universally endorsed by rank-and-file Communists—can hardly continue if the Christian Democrats fail to win Communist backing and instead try to put their candidate in office with the backing of the smaller parties in a simple majority vote.

The largest of these smaller factions is the increasingly independent Socialist Party. The party's new Secretary-General, Sig. Bettino Craxi, now controls most of its warring factions, and has been boosted by its improved showing in recent local elections. Craxi's 88 deputies and senators, and his share of the regional representatives, could be decisive in the special parliamentary session.

As members of the governing majority, the Socialists could by withdrawal from the alliance, leave the Andreotti administration a more simple Catholic/Communist coalition than it already is. Sig. Craxi is inclined to operate with a growing independence these days, keeping his distance from the Communists in the hope of winning back left-of-centre voters who crossed to the Communists in recent national elections and in 1976.

Craxi's position—he wants no private deals, and is arguing for open agreement on a "lay," that is, non-Christian Democrat, candidate—is supported generally by the other smaller parties, but not by the Neo-Fascists, who already claim to know the final political deal. By their account, the Christian Democrats and Communists will settle on Sig. Benigno Zaccagnini, the reformist Secretary-General of the Christian Democrats. With a man of such impeccable democratic credentials lodged in the Quirinale, they say, the way would be open for the Communists to advance from their present limbo into the Government.

The immediate odds still favour agreement on a Quirinale candidate before the voting starts. And if it is Sig. Amintore Fanfani, the former premier and now the acting president — as some suggest— his job as president on the Senate might go to a Socialist. This would put a Christian Democrat in the Quirinale, let a Socialist lead the Senate, and allow a Communist, Sig. Pietro Ingrao, to preside over the Chamber — a convenient three-way split between the three big parties.

Christian Democrat Presidential candidates: Amintore Fanfani (left) and Benigno Zaccagnini.

The Turin court retired to consider its verdict yesterday in the trial of 46 alleged Red Brigades urban guerrillas, which has become one of the toughest tests of Italian justice, Reuter reports. The defendants said, in a statement they were allowed to read before the court, that the subversion charges against them were irrelevant.

Holland decides against ordering Nimrods

BY CHARLES BATCHELOR

AMSTERDAM, June 19.

HOLLAND has dropped the British Nimrod from its short-list of possible replacements for its obsolescent fleet of marine reconnaissance Neptunes. The Defence Ministry is continuing studies of the French Breguet Atlantique and the U.S. Orion; with the French aircraft apparently the stronger contender.

British Aerospace's Nimrod was dropped on the grounds of purchase and operating costs, a Defence Ministry spokesman said. The Nimrods were expected to cost around Fl 73m ($33m) each compared with Fl 40m for the Orion and Fl 64m for the Atlantique.

British Aerospace called a Press conference in the Hague last month to deny figures published earlier by the Defence Ministry showing Nimrod would cost Fl 88m, but the British aircraft was still more expensive than either of the other two.

The Cabinet now expects to decide finally on the Neptune's successor some time this year though it is unlikely a decision will be taken in the next few weeks as was earlier hoped. According to some political sources, it was thought wiser to postpone a decision on such a major programme at a time when spending cuts were being considered and following so quickly on the decision to increase defence spending in line with Nato targets.

The Defence Ministry is still weighing the merits of the two remaining aircraft but a large body of Dutch industry which might gain compensation orders is in favour of the Atlantique.

The French have asked the Dutch aircraft maker Fokker-VFW to make an offer to deliver 12 F-27 aircraft for use by the French navy as trainers and has also expressed an interest in Fokker's F-28 jet passenger liner. The prospects for these orders are improved if Holland orders the Atlantique.

Bundesbank warning on dangers of reflation

By Adrian Dicks

BONN, June 19.

A FRESH warning of the limited scope available to the West German Government for fresh stimulatory measures came from the Bundesbank today.

In its monthly report for June, the West German central bank reproaches those abroad who are urging such measures on Bonn with failing to understand "how closely the limits of deficit spending are being pressed."

The Bundesbank's argument is similar to that made by Chancellor Helmut Schmidt in an interview with Business Week, and echoes his concern that any attempt to further increase public borrowing might force interest rates up.

This, in turn, could reverse the outflow of speculative funds from Germany which the present transatlantic interest rate differential has helped bring about, after the foreign exchange market turbulence of the early spring.

This year, predicts the Bundesbank, markets will be asked to fund deficits totalling some DM 60bn, DM 20bn more than in 1977. In consequence of the stimulatory packages enacted last year, however, it also foresees increased demand for credit from the private sector, and in particular from the property and construction industries.

Defending the refusal of the Bonn government of foreign advice to take fresh steps to stimulate demand. The Bundesbank points out that "further public investment programmes would presumably be mainly concerned with additional construction projects.

"Yet the ability of the construction industry to cope with current demand appears to be largely taken up."

The Bundesbank concedes that there has been little difficulty in funding public deficits while interest rates have been low, but points to recent signs of a rise in longer-term rates and warns that this should be borne in mind if any further expansion in the federal deficit is contemplated.

The bank attributes the low first quarter increase in gross national product of 1.5 per cent at an annual rate, to bad weather and industrial unrest, rather than to factors which would suggest a new stimulus was needed.

OVERSEAS NEWS

INDONESIA'S AGEING REGIME

Struggle for harmony

BY DAVID HOUSEGO, RECENTLY IN JAKARTA

THE DECLINING DAYS of a regime are always the most difficult. After 12 years in power, President Suharto of Indonesia is faced with a country in which discontent is fermenting beneath the surface and over which he no longer has the same easy control.

There is no immediate threat to his regime. But Indonesian leaders, like the heroes of the folk plays of central Java, are expected to express a sense of national harmony that transcends the differences of a country so vast and spread across so many islands. This elusive quality—which the former President, Sukarno, had when his authority was at its height and which President Suharto recaptured by the realism of his economic policies—is now slipping from him.

An equally difficult problem is posed by the uncertainty that comes with the expectation of major political changes. The leaders, both within the army and without, among them President Suharto, who led the country to independence after the war—the so called '45 generation who have been closely involved in running it—are all nearing retiring age. There is no sign as yet on whom their mantle will fall and no mechanism for making the delicate transition. But as a result of the uncertainty the ratification of President Suharto in March for his third term in office was in some ways a compromise, reflecting indecisiveness in choosing a new generation of leaders.

It was this apprehension of the many unknowns in the years ahead that enabled President Suharto to crack down so heavily on the unrest that surged up at the turn of the year, and to do so with the full support of the army. The well organised student protests drew on a familiar catalogue of grievances from the corruption of the regime to its disregard for the constitution. What was new was the force with which it was personally directed against President Suharto and the wealth amassed by his family. It also found an echo among the army commanders many of whom have children at university whom they expect to run the country one day. A further important novelty was the number of retired senior officers, like General A. H. Nasution, a former Minister of Defence, and General Dharsono, the Secretary General of ASEAN, who came to the fore to support the students' complaints.

The agitation was at the same time taken up by the militant Moslem parties who did surprisingly well in the 1977 general election. They have gained in strength largely because of the complaints of the numerous Moslem trading community that it is the Chinese merchants who have benefited most from the business boom of the past 10 years.

As the protests grew in volume in the early months of the year, so the army became increasingly alarmed by the threat to internal security. This gave President Suharto a free hand. It was a mark of the seriousness with which he viewed the situation that he personally directed the subsequent arrests and the closure of papers.

President Suharto, 12 years in power in Indonesia, is facing problems governing a vast country whose leaders are approaching retiring age. Suharto himself is as strong as ever. But so is the demand for results.

The result, paradoxically, is that he is now as strong as at any time in his career—and certainly stronger than Sukarno who had to play off the army against the political factions. He has the army and the security apparatus fully in his grip and all the levers of Presidential power are at his disposal. The Press is on a tight rein and student activity battened down. The Moslem parties have been stripped of the key posts they held in the cabinet and in the Assembly. Dissidents like Mr. W. S. Rendra, the playwright, have been removed to jail. Those in the military who are unhappy with the turn of events feel powerless to do anything.

The danger in taking so much power is that the onus is now on President Suharto to produce results. He is doing many of the things for which his critics have pressed. In reshaping his Cabinet he has shown signs of a willingness to delegate more authority. The philosophy behind the new five-year plan, Pelita 111, is "equity with growth"—a popular shorthand in Indonesia for saying that the pribumi or indigenous Indonesians can expect the Government to favour them at the expense of the Chinese. The President is making the right promises about more jobs, a shift of emphasis towards the rural areas and small industries, and increased rice output after the shock of the drought in Java last year which left some close to starvation.

The well publicised campaign under Admiral Sudomo, the head of the security force Kopkamtib, to root out corruption also indicates an awareness of how sensitive public opinion is on this issue. The tactic towards the students and the Moslem groups is to try to isolate the "extremists" while re-educating the others through state run youth councils and Moslem organisations to their responsibilities to the nation—an exercise referred to as "regeneration."

A telling pointer to the urgency attached to reconciling differences is the resurrection of the Sukarno myth as a symbol of national unity. After attempting for years virtually to erase his memory, the Government is now having his grave elaborately restored and is considering investing him with the ponderous title of "The Great Proclamator" for leading the country to independence.

As yet none of this carires much credibility or seems much more than an expedient way of covering up a return to a more repressive regime. Economists in the Government see no prospect in the next two or three critical years of any significant redistribution of wealth or improvement of living standards. The campaign against corruption is hampered by the glaring exception of the President's family and the political difficulty in buttonholing senior officials. "Corruption is like a devil," says General Ali Murtopo, the Minister of Information, who believes that the scale of it has been grossly exaggerated. "Everybody talks about it but nobody can catch it."

The policy towards the students and the Moslem groups reflects the confusion of both wanting to accommodate them in the interests of a national consensus and of feeling they are a threat. In addition the Government has the problem over the next two years of settling nearly 30,000 alleged Communists interned since 1965 and of holding down a variety of regional groups pressing for autonomy.

The chances are that President Suharto is going to be faced with another bout of unrest in the not too distant future. On how he handles it will depend whether he survives his full five-year term. The army has no wish to have what it sees as its mission to interpret the national consensus damaged by a leader who is popularly regarded as a liability. On the other hand it is at a loss to find a successor. In the wings as a possible compromise figure is Adam Malik, newly elected vice-president.

OVERSEAS NEWS

30,000 Ethiopians poised in Eritrea

By James Buxton

GUERRILLAS fighting for the independence of Eritrea are coming under increasing pressure from the Ethiopian armed forces in probably the fiercest sustained fighting currently raging in Africa. But Ethiopia has yet to launch a concerted offensive to regain control of the province.

An Ethiopian attempt to break out of Asmara, the capital, about a month ago was contained and partially turned back by the forces of the Eritrean Popular Liberation Front, according to their spokesmen. But the guerrillas have been coming under heavy air attacks in some of their strongholds and at one point the other main group, the Eritrean Liberation Front (ELF) said it had had to evacuate the strategic town of Mandefera, though it was reoccupied. The Eritreans have also come under pressure at Barentu in the west, the third remaining Ethiopian stronghold in the main part of Eritrea.

Ethiopia is reported to have four army brigades waiting across the border to the south in Tigre province for a possible offensive in Eritrea. According to the Tigre People's Liberation Front (TPLF), which co-operates with the two main groups in Eritrea, there are now 30,000 Ethiopian troops in Tigre, and a new air force base is being built at Makele. The TPLF says it is harassing the Ethiopian lines of communication.

But there is considerable doubt as to when, and even whether, a large scale Ethiopian offensive will take place. Any assault that begins now will soon be engulfed in the rains which should begin before the end of the month and continue until September.

An Ethiopian offensive against the guerrillas is not likely to be a fast-moving blitzkreig affair like the campaign in February and March against the Somalis in the Ogaden, whose final push lasted only a few weeks. Eritrea is largely mountainous and the guerrillas are well-dug in, and they are not, as the Somali guerrillas were, backed by a regular force which can withdraw.

The Ethiopian army, though its morale was restored by the ultimate success of the Ogaden campaign, is reported to suffer from a shortage of trained and experienced officers at the middle level of command, and is anyway still learning to handle its big stocks of newly acquired Soviet equipment, after more than two decades of using American equipment.

But the indications are that Cuba, which helped Ethiopia to victory in the Ogaden, is reluctant to become involved in Eritrea. Cuba is well aware that the war in Eritrea would be long and bloody, and has no doubt reflected that the longer it continues the greater public exposure Cuba would get for having switched from assisting the guerrilla groups (as it did for more than a decade) to backing the Addis Ababa regime. There are believed to be Cuban military personnel in Asmara but they are thought to have been in a purely supportive role and there are suggestions that their services might be withdrawn. Cuba has increasingly taken the line that Ethiopia should look for a peaceful settlement in Eritrea—an idea that has so far been anathema to Lt.-Col. Mengistu Haile Mariam, the Ethiopian leader. Recently, Cuba tried to unsuccessfully promote a resurgence of the political group Meison in Addis Ababa, partly because it appeared to believe it would take a less independent line than Col. Mengistu. Meison is known for having been prepared to consider the secession of Eritrea.

South Yemen, which was also reportedly involved in the abortive move to undermine Col. Mengistu, is said to have been reluctant to commit its forces against the Eritreans, and Ethiopian envoys who recently visited such left wing Arab countries as Syria, Iraq, Libya and Algeria apparently came back without gaining any support for Ethiopia's view that the Eritreans should be forced to remain inside Ethiopia and accept no more autonomy than Ethiopia is proposing to give other regions of the country. Syria and Iraq, long standing supporters of the Eritreans, made clear they had no intention of changing their position.

The Eritrean issue has become so pressing that it is threatening Soviet relations with Syria and Iraq, as well as with other Arab states, and could lead to a revision of the relatively hard Russian line on Eritrea. The lack of outside support was probably a factor in Col. Mengistu's decision to strike a relatively conciliatory note in a speech in Eritrea last week, in which he offered amnesty to guerrillas who gave themselves up. Now he is holding a ten day seminar of ambassadors, ministers and members of the ruling military council or Derg to discuss ways of ending the war. So far, though, Col. Mengistu has not yet improved on previous offers of autonomy and has not ruled out an offensive.

Dayan says Israel West Bank plan permanent one

BY DAVID LENNON — TEL AVIV, June 19

ISRAEL'S OFFER of limited self rule for the Palestinians of the West Bank and the Gaza Strip is not a temporary arrangement but is the solution for the Arabs and Jews living together, Mr. Moshe Dayan, the Foreign Minister, said today in explanation of the hard-line Cabinet decision yesterday on the future of the occupied territories.

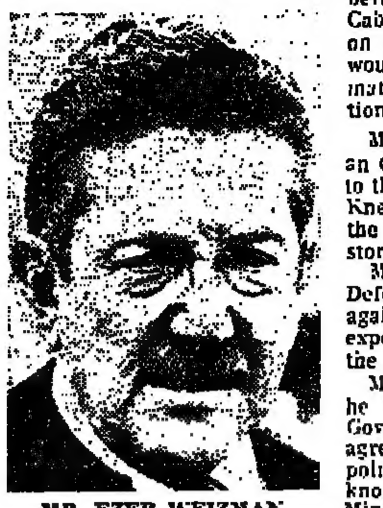
He dashed American hopes that the autonomy plan was only an interim arrangement by stressing that even after five years of self rule, Israel would not be prepared to take any decisions about the sovereignty or permanent status of the West Bank and Gaza.

All that Israel would be prepared to decide five years after implementing self rule would be the nature of the relations between Israel, the Palestinians living under occupation and Jordan.

"I hope that the autonomy, as it is, will be liked by the people, and the question of sovereignty will not be brought up," Mr. Dayan told a Press conference in Jerusalem today.

"If they so desire, then they will bring it up. But we want to base our attitudes on the assumption that the autonomy is not transitional, but that this is the solution for the Arabs and Jews living together on the West Bank and in the Gaza Strip," the Foreign Minister said.

However, yesterday's Cabinet decision was rejected by West Bank notables and newspapers today. The East Jerusalem Press described it as "word play." Mr. Bassam Shaaka, the mayor of



MR. EZER WEIZMAN
No intention of resigning

Nablus, said that it will not bring peace any closer.

The Mayor of Tulkarem, Mr. Hilmi Hanoun, said that it ignores the Palestinians living outside the occupied territories. The Israeli decision shows that it wants to hold on to the land and to settle vast numbers of Jews there, he said.

Mr. Dayan met this morning with the American Ambassador, Mr. Samuel Lewis, to explain the Cabinet decision. After the hour-long meeting the Ambassador said that today he understood better the phrases used by the Cabinet. He would not comment on whether or not the decision would help to revive the stalemated Middle East peace negotiations.

Mr. Dayan was due to deliver an official Government statement to the Knesset this afternoon. The Knesset is expected to approve the Cabinet decision after a stormy debate.

Mr. Ezer Weizman, the Defence Minister, who voted against the Cabinet decision, was expected to absent himself from the debate.

Mr. Weizman has denied that he intends to resign from the Government because of his disagreement with the Cabinet policy. His aides have let it be known that from now on the Minister who won such popularity with Egypt's President Sadat will concentrate on military affairs, and will refrain from participation in the diplomatic negotiations.

Mr. Weizman is reported as having told his Cabinet colleagues after yesterday's vote that he will need a larger budget for the Defence Ministry as a result of the Government decision.

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Indian growth in 1977-78 better than expected

BY K. K. SHARMA — NEW DELHI, June 19.

THE INDIAN economy performed better in 1977-78 than thought when Mr. H. M. Patel, the Finance Minister, presented his budget in February. The Government now says that the gross national product (GNP) increased by slightly over 6 per cent during the year and not just under 5 per cent, as stated by Mr. Patel.

The higher estimate is the result of the record foodgrain production of 125.5m tonnes during the year. This surpassed the previous peak of 121m tonnes in 1975-76 and is far more than the 111m tonnes produced in 1976-77.

But industrial production in 1977-78 increased by a meagre 4 per cent compared to the impressive 10.4 per cent in the previous year and is thus a severe drag on overall growth. The main reason for the slow down in industrial production is the poor performance of such sectors as steel, coal, cement and power generation. This has been aggravated by all-round labour unrest.

The government is to announce a package of measures within 10 days to stimulate industrial production. This must increase significantly if the economy is to maintain its high growth rate and government economists are hoping for a rise in industrial production by 7 to 8 per cent this year.

If this is not achieved, growth during the year will be nominal since agricultural production is not expected to increase by any significant amount, especially if the monsoon is unkind. The Ministry of Agriculture says that even if there is an average monsoon this year, production will be around the same level as last year since there has been an increase in the area under irrigation and farmers are using more inputs. If the monsoon turns out to be good, production could be as high as 130m tonnes.

The hope that industrial production will be better is based on figures on investment now available which show that there was an increase of 20 per cent in loans by term-lending financial institutions last year. The demand constraints that have caused recessionary conditions in the economy for the past few years now seem to be lifting. This is indicated by sudden shortages that have arisen of steel and cement, items which had to be exported for the last three years because of lack of demand. This also suggests there has been a spurt in construction activity.

Peace plan urged on Mobutu

KINSHASA, June 19.

FIVE WESTERN powers will urge President Mobutu Sese Seko to make peace with local tribesmen in Zaire's war-torn Shaba province in return for badly-needed western economic aid, diplomatic sources said today.

Envoys of the U.S., France, West Germany, Belgium and Britain, in a series of separate meetings, will also press him to consider wide-ranging domestic reforms and to seek better relations with neighbouring Angola, the sources added.

The initiative is part of western efforts to support President Mobutu's anti-Soviet Government following last month's rebel insurgency in Shaba—the worst threat to his 13-year rule.

The sources said the western ambassadors would present three areas for reform:

- Reconciliation between the northern-dominated Kinshasa Government and the Lunda tribesmen in southern Shaba province from whom the rebels were drawn.
- Relaxation of the mounting tensions between Zaire and neighbouring, Marxist Angola which President Mobutu accuses of sponsoring the rebel invasion along with the Soviet Union and Cuba.
- Reconciliation between President Mobutu and clandestine opposition movements inside and outside his vast and turbulent country.

The western ideas were drawn up two weeks ago when the five nations involved met in Paris to discuss support measures for President Mobutu.

The sources said the move was intended to remove political obstacles in the West—such as concern about human rights—to supporting the autocratic President Mobutu, generally regarded as intolerant of internal dissent.

The French ambassador in Kinshasa was believed to have had the first of the five meetings this morning, the sources said. The four other envoys were awaiting appointments with General Mobutu.

Belgium, the former colonial ruler of Zaire, wanted a joint initiative by all five powers. But France, supported by other members of the group, wanted separate meetings that would allow each ambassador to put the case for reform in the light of his own government's policy, the sources said.

Western diplomats said they feared the initiative, which was initially to have been kept secret, might draw an angry response from President Mobutu.

The Zairean leader has said publicly he will not accept any preconditions for western aid to his economically weak and politically uncertain nation.

Despite the five-nation initiative Zaire can still count on a multi-million dollar emergency aid package drawn up in Brussels last week.

This provides for ten nations to contribute towards a three-month support package that will bring in goods including $37.5m of food and medicine and $24m of fuel to help resurrect Shaba.

In addition, the International Monetary Fund (IMF) is expected to send a team soon to discuss a major stabilisation plan with Zairean officials, centred on the so-called "Mobutu Plan" for economic revival.

Reuter

Nepal diesel contract

NEPAL has signed an agreement with the Soviet Union for 120,000 metric tonnes of diesel worth approximately $16.75m, the largest diesel purchase it has ever made, Sue Lockwood reports from Katmandu. Prior to 1974, Nepal bought almost all its petroleum products from India on a quota allotment basis and, when India was unable to fill the quota due to petrol crisis shortages, many of Nepal's more crucial development projects were seriously restricted. This new contract guarantees Nepal the much-needed stability of a reliable diesel supply for the next two fiscal years.

Abu Dhabi oil rig

Hitachi Shipbuilding and Engineering has won a Y15bn contract to build three oil drilling rigs for Abu Dhabi's national drilling company for delivery by April, 1980, Reuter reports from Tokyo.

Brunei talks open in London

TALKS OPENED at the Foreign Office yesterday with the Sultan of Brunei on the British Government's decision to wind up its responsibilities for the defence and foreign affairs of the wealthy oil state, writes David Housego.

The measure is opposed by the Sultan who is anxious to retain the battalion of Gurkhas under British officers which he sees as an important safeguard against instability.

The Sultan, together with his father Sir Omar Ali Saifuddin, who is also the most influential politician in the state, arrived in London on Friday.

Britain hopes that the talks will make substantial progress towards granting Brunei full independence. This is a goal strongly supported by Brunei's neighbours, Malaysia and Indonesia, which have recently tried to reassure the Sultan that they will not allow their countries to be used as bases for guerrilla operations against his country.

Malaysia bans all rallies

MALAYSIA yesterday banned all political rallies as part of a security clampdown in the run-up to a July 8 general election, Reuter reports.

Mr. Datuk Hussein Onn, the Prime Minister, said in a statement the ban was needed as the outlawed Communist Party of Malaya planed to disrupt public order on its 30th anniversary tomorrow.

The communists launched a bloody guerrilla campaign in 1948 which lasted 12 years. More than 100,000 British and Malaysian troops fought against them.

Arab banks meeting

THE first ever meeting of the central bank governors of all Arab states started yesterday, indicating the continued interest of the Arabs to forge their capital markets, into a more or less unified system, Rami Khouri writes from Amman.

The three-day meeting here will discuss recommendations prepared by a committee of Arab central bank officials.

Foremost among these are the establishment of a union of Arab stock exchanges, liberalisation of controls on capital movements among Arab states, the establishment of more joint-venture Arab banks, the identification of investment opportunities throughout the Arab region, and strengthening the capabilities of Arab companies and institutions that carry out feasibility studies.

Sri Lanka visit

CUBA'S credentials as a non-aligned nation and its moral right to take over as conference chairman next year from Sri Lanka will figure prominently in Chinese Vice-Premier Keng Piao's talks with President Junius Jayawardena according to diplomatic sources here, Mervyn De Silva writes from Colombo.

Vice-Premier Keng Piao arrives here from Islamabad for a five-day visit on Wednesday.

Moscow warning

The Soviet Union yesterday issued a fresh warning to Japan about signing a friendship treaty with China, Tass news agency reported, according to Reuter in Moscow.

In a statement addressed to the Japanese Government, Moscow said it would have to make "certain correctives" in its policy towards Tokyo if the concluded treaty contained provisions directed against this country.

Egypt denounced

EGYPTIAN Ambassador and former Armed Forces Chief General Saad Shazli yesterday denounced President Anwar Sadat's government in Egypt as a dictatorship, Reuter reports from Lisbon.

General Shazli, now ambassador in Portugal, said President Sadat was driving all his political opponents to prison and his autocratic regime was hiding behind a face of powerless democratic institutions.

Iran's oil exports rise

Iran's exports of crude oil and oil products rose by about 19 per cent in the last Iranian month to May 20, Reuter reports. The National Iranian Oil Corporation (NIOC) said exports during the month averaged 5.5m barrels a day, against 4.6m barrels in the previous month.

AMERICAN NEWS

Strong showing by left in Peruvian assembly poll

BY HUGH O'SHAUGHNESSY — LIMA, June 19.

THE LEFT showed unexpected strength in yesterday's elections to select the 100-man constituent assembly which is to prepare Peru for a return from military to civilian government in 1980.

The Popular Christian Party, a right-of-centre grouping led by the middle class and headed by Sr. Luis Bedoya, a former Mayor of Lima, was topping the poll this morning with 33 per cent of the votes after half the country's polling stations had reported their results.

In second place came APRA, the populist party of the 82-year-old veteran Sr. Victor Raul Haya de la Torre, with 29 per cent. But the Popular Front of Workers, Peasants and Students (FOCEP), a radical Marxist-Leninist group critical of what it sees as Soviet revisionism, was in third place with 11 per cent of the poll. In some parts of the slums of Lima, it registered substantial victories over all the other parties.

The leaders of FOCEP include Sr. Hugo Blanco, a former peasant leader and head of a guerrilla group which operated in the south of the country. Last month he was deported to Argentina.

The Revolutionary Socialist Party (PSR), whose leader, General Leonidas Rodriguez was arrested yesterday and is reported to have been deported to Argentina, was taking 7 per cent of the vote, while the Moscow-line Peruvian Communist Party had 5 per cent.

The left-wing groups together look like gaining a third of the seats in the constituent assembly, or about half as many again as they were expected to win.

The strength shown by the Left will undoubtedly make the Government's impending negotiations with the International Monetary Fund (IMF) for a stand-by credit more difficult. Next month the military government of General Francisco Morales Bermudez will start negotiations on a new agreement with the fund, aimed at relieving the country's acute foreign exchange crisis. The Central Reserve Bank's foreign exchange position has dipped to minus $1.3bn.

Drastic austerity measures expected to be demanded by the fund will doubtless be strongly resisted by the Left, and by political figures of the centre, who point to the fact that real wages last year fell to only 74.1 per cent of the level of 1975.

Meanwhile, the Government of Gen. Morales faces a dilemma about the future of those Left-wing candidates to the constituent assembly who have been deported or who are in hiding inside the country, evading orders for their arrest or deportation.

If they are allowed to take their seats, the Morales Government will suffer loss of face, but if they are not allowed to take their seats, criticism of the Government's attitude to the constituent assembly will become more strident.

New bid to end labour Bill filibuster

By Jurek Martin — WASHINGTON, June 19.

THE SENATE has scheduled another vote for tomorrow to try to end the filibuster that is holding up passage of the Labour Law Reform Bill.

The Bill, which has the strong support of both organised labour and the Administration, would make it harder for companies to block union presence by a variety of delaying mechanisms.

But a coalition mostly comprised of conservative Republicans and southern Democrats, responding to the equally strong lobbying of corporate interests, has conducted a successful filibuster for well over a month.

A total of 60 votes are needed to end a filibuster. Although proponents of the Bill have come progressively closer to achieving that goal, they seem to be stuck at about two votes short. At the last two closure votes on Wednesday and Thursday, the fifth and sixth in the series, only 58 senators were in favour of ending the filibuster.

To-morrow's division is thought to be critical. Although both sides are confident of winning the day, the feeling is that if the closure vote does not succeed then momentum will have passed decisively to the opposition.

If that proves to be the case, it will be widely construed as evidence of the declining political power of the trade union movement.

Oil suit dismissed

NEW YORK, June 19.

A FEDERAL judge has dismissed a suit by New England Petroleum to recover $1.6bn from Libya and its national oil corporation for alleged breach of several agreements to supply the company with oil.

Judge Kevin Thomas Duffy based his dismissal on lack of jurisdiction because the defendants "are protected by sovereign immunity."

AP-DJ

Carter's foreign aid Bill threatened by more cuts

BY OUR OWN CORRESPONDENT — WASHINGTON, June 19.

THE CARTER Administration promised this morning to intensify its efforts to stop Congress from further damaging the Foreign Aid Bill when it comes to the floor of the House later this week.

The new element which appears gravely to have damaged the chances of the $7.3bn Bill's emerging unscathed is the recent vote in California to cut property taxes, which will force deep cuts in expenditure.

This has sharply swung congressional sentiment in favour of cutting spending at every turn, and, as history has repeatedly shown, foreign aid is frequently the first to feel the budgetary knife because of its limited constituent appeal to members of Congress.

At a special briefing this morning, Mr. C. Fred Bergsten, the Assistant Secretary of the Treasury for International Monetary Affairs, said that the present Bill was the absolute minimum necessary for the U.S. to meet its international obligations. He expresed particular concern that Congress should authorise the $2.6bn allotted for the international development banks.

The House of Appropriations Committee, has already provisionally shaved $900m off these allocations, and even the floor manager of the Foreign Aid Bill, Congressman Clarence Long, a Democrat from Maryland, has announced that he intends to try to cut the Bill by nearly another $600m.

The Administration has already lobbied intensively, and with some success, to preserve as much as possible of the Bill, but the prevailing view of congressional observers after the Californian vote is that it may be next to impossible to forestall further deep cuts.

Mr. John Gilligan, head of the Agency for International Development, told this morning's briefing that Proposition 13 (the tax-cutting initiative) had become a part of American folklore and was now being applied as a mandate to cut all Government spending across the board. "I don't think it can be justified," he said.

In the event Mr. Long's amendment might even turn out to be the least severe proposal. One Republican Congressman is going to demand even deeper across the board percentage cuts.

At the same time, there is likely to be a number of amendments intended to prevent the U.S. representatives at the international institutions from voting in favour of assistance to assorted countries if they infringe either human rights or other ideological standards.

Mr. Bergsten said again today that such amendments might well be illegal and unacceptable to the development banks.

House arrest for rights official

BY ROBERT LINDLEY — BUENOS AIRES, June 19.

PROFESSOR ALFREDO BRAVO, secretary-general of the Argentinian teachers' union who has been held for more than eight months in prison in La Plata, 35 miles south-east of here, was placed under house arrest on the weekend.

Professor Bravo was arrested in September while teaching at a school for adults in Buenos Aires. He is a leading member of the Government-recognised Permanent Assembly for Human Rights.

Sr. Bravo is being held, apparently without charges, at the disposition of the executive branch, a procedure permitted under the country's state of siege.

Moscow accused over Vietnam

BY JOHN HOFFMANN — PEKING, June 19.

THE "sinister role" played by the Soviet Union in South-east Asia has become the chief target of China's bitter reaction to the expulsion of Chinese nationals from Vietnam.

In the strongest attack yet published, the official newspaper, the Peoples Daily this weekend named Moscow as the instigator of a persecution campaign which has driven more than 120,000 Chinese from Vietnam back into China.

A long article in the newspaper compared Vietnamese and Soviet statements on the refugee issue and said "what is particularly striking is the fact that the Soviet Union and Vietnam are so identical in tune and pace in the anti-Chinese propaganda that one cannot be distinguished from the other. "One cannot help asking whether these similar and mutually supporting tunes and arguments were mere coincidence or formulations based on consultations."

The newspaper says "the international background of the issue is the sinister role played by the Soviet Instigator. It is the Soviet hegemonists and no-one else who want to strain Sino-Vietnamese relations so as to fish in troubled waters and achieve hegemony in Asia." In shifting the blame for the Sino-Vietnamese rift squarely on to the Kremlin, the Peoples daily adopted a tone almost sympathetic to Vietnam. China and Vietnam were good neighbours who had supported each other for decades and fostered profound friendship," it said. "The Klemlin has spared no pains to bind independent Vietnam to its chariot for global expansion."

- Meanwhile Mr. Takeo Fukuda, the Japanese Prime Minister, has proposed that Japan and China resume negotiations on July 3 or a peace and friendship treaty, which he said was important for Asia and the world.

Reuter

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PUSH BUTTON BANKING IN THE U.S.

A cautious revolution behind the counter

BY DAVID LASCELLES IN NEW YORK

Banks in the U.S. are gradually changing over to what is known as electronic funds transfer (EFT). But the scale of the change is so enormous and the consequences so difficult to predict that progress is being made with extreme caution. Few banks have more than dipped their toes into the water and some have announced their intention of steering well clear.

THE MONEY machines, TV screens and other electronic gadgets which have appeared outside banks and in shops all the way across the U.S. in recent years have all alerted the public to the fact that electronic banking is on the way in. In most cities now, people can get money or pay it in, settle bills or check their balances simply by pushing a button at a terminal, without going anywhere near a human teller.

According to recent estimates, some 21,000 electronic terminals are in operation, including about 7,700 fully fledged automated tellers machines which can receive as well as pay out cash, and make transfers between accounts. Even federally chartered institutions offering financial services were recently given the go-ahead to install automatic tellers.

However, this gadgetry is only the outward and visible sign at the retail end of changes that are going on deep inside the U.S. banking system, based on the wider use of new technology.

Collectively, banks are gradually changing over to what is known as electronic funds transfer or EFT. But the scale of the change is potentially so enormous, and the consequences so difficult to predict, that progress is being made cautiously, to say the least. Few banks have yet more than dipped their toes into the water, some have announced their intention to steer well clear.

Broadly, the move towards EFT involves transforming the whole basis on which banks operate, and have operated for centuries. Instead of shifting funds about by means of pieces of paper—a process which can take days — they transfer it instantly by computer. In addition, customers get instant access to their accounts via TV screens and money machines, enabling them to keep an up-to-the-minute check on their assets.

Various banks have developed their own refinements. Some have hooked their computers up to the phone system, enabling a customer to transmit instructions by dialling certain numbers. Others have set up terminals in shops and supermarkets so that shoppers can draw on their accounts instantly at the check-out.

Banks with big corporate customers, like Manufacturers Hanover Trust in New York, have developed special link-ups so that corporate treasurers can keep a constant watch on company funds, and issue instructions to buy or sell securities and commercial paper in order to keep company liquidity at a set level.

One Ohio bank has even linked up with a Wall Street securities firm to create a system where a customer can get consumer credit against the securities that are held for him.

It all seems to make sense in an electronic age when speed is vital. But apart from the huge cost of EFT, and all the complex technical problems which have to be solved, it poses profound questions to which there are not yet any clear answers.

One of the biggest is what happens to the "float." This is the enormous amount of money (tens of billions of dollars at any one time) that is, so to speak, in transit between the time cheques have been paid in and the time they are cleared. With corporate money management now a high skill, an entire industry has grown up of the float to exploit this money, either by investing it or turning it to company cash flow advantage.

But under EFT, fund transfer is instantaneous. Were EFT to become universal, therefore, the float would disappear, and with it the float industry. The business world would also lose that useful margin for manoeuvre which the time lag in mechanical fund transfer now gives it. The fact that the banks themselves currently benefit from the float as much as anybody may explain why some of them are not wholly enthusiastic about EFT. But opposition to such changes is also likely to be formidable from the rest of the float industry.

Another question is what will happen to people's savings and spending habits once they learn to exploit the instant control over their funds that EFT gives them?

For a start, they are unlikely to keep more than the bare minimum in their current accounts, preferring quite sensibly to earn interest on their money in savings accounts as long as possible. But as EFT grows in sophistication, they are likely to have other courses open to them too. The Ohio bank's arrangement with the Wall Street firm suggests that in the not too distant future, bank customers will be able to put all their surplus cash straight into unit trusts, and sell by means of a last-minute electronic command when a bill falls due. Reduced to its simplest, they could sell shares to buy bread. (On the other hand, point of sales outlets, with instant payment for purchases, will make it harder to delay paying bills until the monthly paycheck is in.)

For the banks, all this is fraught with dangers. Given that banks at present hold a large part of customers' deposits in non-interest-bearing current accounts, any major move by customers to shift their money into interest bearing savings accounts would greatly increase the banks' operating costs. If EFT then developed a stage further and gave depositors instant access to unit trusts, the banks would be in danger of losing their deposits altogether since these trusts invariably offer a higher yield than savings accounts.

In the end, banks could find themselves merely acting as channels for money without enjoying any of the advantages that they currently derives from handling funds. They would also be left to bear the enormous cost of maintaining the EFT machines, whose profitability is thought to be doubtful at the best of times.

The third area of uncertainty over EFT is security. Although the banks argue that their EFT systems are highly secure and that the margin for error is small, they acknowledge that abuse and mistakes could happen. The large EFT institutions, grouped in the so-called Electronic Money Council are in the process of drawing up a consumers' bill of rights which they hope will cope with most situations. But as a couple of recent cases show, the role of the courts is likely to be large too.

In January, a Brooklyn seaman deposited three $100 bills into his local Citibank machine before travelling abroad. When he came back he found that his cheques had bounced because the money was never credited to his account. Citibank told State investigators that when they opened his deposit envelope, it was found to be empty. The seaman claimed that the money must have been stolen from the machine.

In the end, Citibank agreed to credit the $300. But in another case, a Brooklyn lady who claims she was debited for a much larger sum than she withdrew from the machine has not yet persuaded Citibank to make up the difference.

Generally, the potential problems thrown up by EFT are so formidable that one may well ask why banks are going in for it at all.

One reason is that U.S. banks, which are tightly limited by law as to what they can or cannot do, are locked in a battle for business with the savings banks, who enjoy certain advantages, among them the right to pay higher interest.

WORLD TRADE NEWS

China may get Japan technology

BY CHARLES SMITH

TOKYO, June 19.

NEGOTIATIONS between China and Japan on the supply of a colour television tube plant have been complicated by Chinese insistence that the plant should form part of a package which would also include an integrated circuit plant. The problem created by this is that integrated circuit plants are included in the Cocom list of strategically sensitive items which are not normally exportable to Communist countries.

China appears to be taking the line that it will not buy a TV tube plant from Japan unless an IC plant is supplied as well. It is believed to be demanding a highly sophisticated plant, not a medium-level plant of lesser strategic sensitivity. The Chinese have been in negotiation with two Japanese companies as suppliers of one or both of the plants—Hitachi (which had a team of executives in Peking last week) and Toshiba. Matsushita Electric, earlier regarded as a potential supplier of the TV tube plant, has apparently dropped out of the running.

Rumours that the Japanese Government had "tipped off" either Hitachi or Toshiba that Cocom approval for an IC plant export would be forthcoming were denied here by the companies concerned. It is felt that *China must first nominate the* evompany with which it plans to place a contract, after which approval will be sought for the delivery of the plant. China is understood to be pressing the potential suppliers hard on pricing terms, possibly using the prospect of additional heavy electrical contracts as a lever.

Hitachi and Toshiba are *believed to be interested in the* chance of supplying heavy generating equipment for the projected Chinese steel complex near Shanghai. With this in view the two companies are said to be negotiating "flexibly" on the tube and IC plants. Matsushita, originally a competitor for the tube plant, is not a manufacturer of heavy electrical generators and therefore may have lacked one of the motives possessed by Hitachi and Toshiba for reacting "flexibly" to Chinese demands *vis-a-vis* the tube plant.

The potential value of the tube plant is estimated by one of the companies concerned at "rather *less*" than Y20bn (a downgrading from the earlier estimate of around Y30bn). The integrated circuit plant, it is believed, might be slightly more costly than the tube plant.

Opinions differ as to whether one company is likely to get both contracts or whether the contracts will be shared between Hitachi and Toshiba. Hitachi was the winner of the first contract to supply a large-sized computer to China (approved by Cocom *after minor modifications to the* original specifications) early this year. China does not recognise Cocom and has thus habitually refused to place a conditional contract with an external supplier pending approval by Cocom. This appears to be one of the problems involved in current negotiations over the integrated circuit plant.

● Meanwhile, Reuters reports that Asahi Glass says it will sign a contract in Peking this month to export a colour television bulb glass plant worth about Y13bn to China.

The plant, capable of manufacturing 1m bulbs a year, will start operations in the second *half of* 1985.

● The French Petroleum Institute will train Chinese technicians under a scientific and technical cooperation agreement signed with its Chinese counterpart, *AP-DJ reports from Paris.*

The accord was signed in Peking during a visit by M. Jean-Pierre Capron, director of carburants at the French Industry Ministry.

M. Capron went to China to prepare a French exhibition on oil, gas and petrochemical techniques to be held from November 29 to December 8. About 60 French companies will be present at the exhibition, with *special emphasis on offshore* exploration.

JAPANESE MANUFACTURERS of pillow block—mounted unit bearings used widely in agricultural equipment and conveyor system—have given the Common Market Commission an undertaking that they will raise prices by between 10 and 15 per cent, writes Kenneth Gooding.

As a result, allegations of dumping brought against the Japanese by the European bearings companies have been dropped.

The EEC manufacturers claimed they had evidence which suggested that in some cases there was a 30 per cent difference in the prices the Japanese were charging in their home and export markets.

The undertaking now given by the Japanese industry will not have the same effect throughout the Common Market because individual exporters have given varying assurances about the way their prices will change.

Signs that West German inflation is declining

BY GUY HAWTIN

FRANKFURT, June 19.

WEST GERMAN import prices remained stable between March and April this year, but were a full 7.6 per cent below price level a year earlier. The figures give a clear indication of the importance of declining import prices in slowing the West German rate of inflation.

The statistics, produced by the Federal Statistical Office and published by the Economies Ministry, *show the index for* import prices (1970=100) standing at 146.5 during both months. The two months percentage decline, compared with a year earlier, was even steeper than the 6.4 per cent fall reported for *February-March.*

● German industry is expected to increase investment outlays by a real 5 per cent this year, according to the results of the latest IFO institute survey of companies' investment plans.

This follows stagnation in investment spending in real terms in 1977, but all the same does not mark a strong revival of expenditure, reports Reuter from Munich.

This year's investments partly represent spending on projects which were delayed in 1977 because of pessimistic sales expectations, the IFO said.

Most companies' spending plans are centred on rationalisation rather than capacity expansion, the IFO said, pointing out that companies can hardly be expected to make significant capacity extensions over the rest of the year when existing plant is only about 80 per cent utilised.

Technological innovation and new production *methods* are proving an increasingly important impulse for investment, it said.

Increased spending will be concentrated on the capital goods industry and in some consumer sectors, with the upturn in the building industry also encouraging more expenditure *in related areas, it said.*

However, replacement investment rather than capacity extension spending will *continue to* play the dominant role in companies' expenditure plans.

Trend towards Europe in Latin America car sales

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE Latin American car market should grow at an average of a little more than five per cent a year, according to a new study by Euroeconomics, the Paris-based research institute.

In a 240-page analysis of the region, one of the most rapidly growing vehicle production areas in the last decade, Euroeconomics concludes that the stock of private cars, estimated at 11m in 1975, should double by 1985.

The commercial vehicle stock, reckoned to be about 4m units *at present, should go* up in a similar fashion to cars.

The report argues that European-type cars will gradually increase their popularity in the area at the expense of American designs, mainly because of the demands for economy.

Volkswagen, it says, will retain market leadership in the area with about 33 per cent of sales, followed by Ford on 15 per cent.

Fiat should expand to about 10 per cent of the market within the next seven years, while the chances of Renault and Peugeot/Citroen achieving a similar *improvement depends* on their ability to rationalise their resources in the area.

General Motors and Chrysler at present have 11 per cent and 9.5 per cent respectively in the area, in which the three leading *countries—Argentina, Brazil and* Mexico—provide over three-quarters of the total, and four-fifths of the passenger car stock.

The Japanese manufacturers are not expected to improve their position substantially.

The Latin American Automobile Industry; Prospects to 1985. Euroeconomics, 9 Avenue Hoche, Paris. Frs 3,000.

Dexion Qatar order

Dexion has won a £1m order from the Qatar Government for the total equipping of four warehouses in the Doha area including Dexion speedlock pallet racking; Impex two-tier small *parts storage; Simplan offices,* office furniture; air-conditioning units; and forklift trucks.

UK groups join in the bidding for Hijaz line

By Rami G. Khouri

AMMAN, June 19.

BRITISH consulting companies are included in three of the eight consortia of companies that have been chosen by a tripartite Jordanian-Syrian-Saudi Arabian committee to present *bids on conducting a feasibility* study to reconstruct the entire Hijaz railway line.

The eight short-listed consortia were picked this week from a group of 21 and now have until September 23 to submit their offers for the giant project. It would involve rebuilding the entire 1,300 kilometres of the historic railway in standard gauge track instead of the existing narrow gauge track.

The British companies are Transmark, Rendel Palmer and *Tritton* with Mott Hay and Anderson in one group; the Economic Intelligence Unit with Sotecni of Italy in another; and *Freeman Fox International, Henderson* Hughes and Busby, with Pracs of Pakistan, in the third.

The tripartite committee will meet in Riyadh in the second half of October to select the companies for the feasibility study. *They will sign the contract before* the end of this year and will be expected to produce their final study within 13 months, *according to Jordanian* Transport Ministry under secretary Hashem Taher, who adds that "all sides are now serious" about going ahead with the project.

Brazil-Taiwan rocket deal

By Diana Smith

RIO DE JANIERO, June 19.

BRAZIL IS to sell its nationally developed Sonda Three rocket to Taiwan. In return, Taiwan will supply advanced electronic knowledge that will fill a gap in *Brazil's space technology, that of* missile tracking.

Brazil's *space* rocket developments, which began with the rudimentary Sonda One and last year, led to the more sophisticated Sondas Two and Three, have not *pleased the U.S. in particular.*

When successful testing of Sonda Two and Three were announced in 1977, the U.S. and France cut off supplies of the special synthetic rubber polybutadiene, which in its hydroxidised *and carbonated form, is the basis* of Sonda fuels.

Brazil has skirted the resistance of countries like the U.S., France and the UK to its space programme by drawing on West German technology, and now, at *the Acesita Steel Works, produces* its own special steel plates for rockets.

TEXTILES

India goes back to using the handloom

BY RHYS DAVID, TEXTILES CORRESPONDENT

IN A MOVE which at first sight might appear to step backwards industrially, India has decided *that no future expansion of weaving* in the country's textiles mills or through the use of power looms will be permitted, but that *instead additional cloth production*, to meet home and export market requirements, will have to come from handlooms.

It is a decision which reflects on the one hand the Indian Government's desire to take advan*tage of the* employment opportunities, particularly in country areas, which cottage industry can offer, but it has a commercial logic as well.

Against a background of depression for several years in textiles worldwide, the Indian hand loom sector has been buoyant. While in the 1960s the markets for hand-loom products *were other parts of the Far East* and Africa, today, as a result of strong fashion demand, 90 per cent of India's handloom exports are going to Europe, the U.S. and other developed countries.

The restriction on the growth *of mills will help to stem the* drift from the villages to the towns but it will also help to avoid competition for yarn and other raw materials needed for an anticipated increase in output from handlooms to around 3.6m metres a year over the next five years, from the present 2.3m metres.

The encouragement which the *Indians are now giving to this* sector is also recognition that to hold one's place in world textile markets against strong competition from other low cost sources and from developed countries, it is essential to have *a distinctive product.*

Hand loom products, of which India is by far the biggest manufacturer, are also free in some, though by no means all, countries, from quota restrictions—an important advantage at *a time when developed countries*, through the recent Multi Fibre Arrangement, have increased substantially the restrictions on low cost imports.

The move remains, however, only part of a wider strategy which India seems likely to adopt in a bid to increase its share of world markets, currently still very low, but excessively concentrated in a small number of product areas. At a recent conference in London, Mr. K. Sreenivasan, chairman of the National Textile Corporation of India, pointed out that India's *share of world trade in textiles* increased between 1973 and 1976 only from 0.64 per cent to 1.67 per cent, with the EEC the biggest buyer, taking about 60 per cent of total exports, *followed by North America with* 25 per cent.

India's low share is accounted for partly by the limitations *imposed* by quotas in the developed markets but there are also other problems, including the very large Indian domestic market which has to be satisfied first. India remains, too, an overwhelmingly cotton-based exporter and has not therefore been able to share in expanding world trade in synthetic fabrics.

A further difficulty faced by *India over recent years has been* a shortfall in its cotton crop, forcing it to import cotton and viscose, (including large quantities from Britain) to keep its mills running even for home demand.

Thus, although exports have increased they remain relatively small in total. In the mill sector, they rose from £210m in 1974 to £307m in the first 11 months of 1977 (compared with UK textile and clothing exports last year of £2bn). Most of the increase has come in the apparel sector, up from £59m to £132m, with yarn exports affected by the need to supply domestic mills and fabric by the spread of quotas and generally depressed world conditions.

In the hand loom sector, a threefold increase took place between 1972-73 and 1975-76 in *garment exports from £25m to* £75m, with figures for the period since also likely to show a further very substantial rise.

As well as devoting more resources to the hand loom sector, however, India is likely, Mr *Sreenivasan suggested*, to try to add value to its mill exports, enabling it to earn more within the quota limitations imposed on it. This is likely to mean exporting a greater proportion of finished fabrics as against grey *state cloth, and a move into a* finer range of fabrics.

The need to increase the sophistication of hand-loom products is also seen, in particular the importance of providing the sector with finishing equipment which will make it possible to offer garments with easy-care properties.

Moves such as these, if carried through, could help India increase its total textile and clothing exports to around £600m by 1980, clearly providing a welcome addition to the country's overseas earnings. They also indicate the continuing challenge which the textile industry in developed countries faces.

Yugoslavia gets $18m credit line

THE Export Credits Guarantee Department has guaranteed the repayment and funding for a $18.4m loan which Barclays Bank *International has made available* to Prva Iskra of Baric, Belgrade, Yugoslavia.

The loan will help to finance a *contract awarded by Prva Iskra to* Ingeco Laing for the design, engineering, supply of components and commissioning of a linear alkyl benzene plant to be installed in an existing plant at Baric.

This is the first contract to be won by Ingeco Laing, the specialist engineering contractor combining the resources of the Swiss-Italian contracting group Altech and the UK based John Laing Group.

The speed with which Ingeco Laing was able to set up the financial package was a key factor in winning the contract.

The new plant, which is due to *be commissioned in autumn 1980* will have the capacity for an output of 50,000 tonnes of linear alkyl benzene a year for use in the production of detergents.

French-Swiss contract

Cit-Alcatel, the telecommunications subsidiary of the French Cie Generale d'Electricite (CGE) electrical group, says it has received an order from the Swiss Post Office to supply equipment, notably laser diodes, for an experimental optic fibre telecommunications network.

The optic fibre is to be manufactured by a Swiss company. When completed, the link will be able to carry 8 megabits and will be set up in the Berne region. Cit-Alcatel says it is the first export order it has received for such equipment.

New aluminium plant

Brazil's state mining company Cia. Vale do Rio Doce (CVRD) will formally set up the aluminium producing company Albras SA in Rio de Janiero today with its Japanese partners in the project, Nippon Amazon Aluminium.

Albras, in which CVRD will hold a 51 per cent share and NALCO the rest, is expected to produce 40,000 tonnes of primary aluminium near Belem, Para State, in its first year, rising to 320,000 tonnes a year later. Total investment in Albras is estimated at more than $955m.

Ford-India negotiation

Ford Motor Company says it has been selected by the Indian Government to negotiate a contract for a domestic television and communications satellite.

Company officials say specific contract language has not been approved by either side, and decline to indicate the size of the potential contract.

Councils given £100m help for land buying

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE Government yesterday launched a major initiative to stimulate the struggling community land scheme.

It has allocated £100m. to be used by local authorities for land acquisition over the next two years—between two and three times the resources available in the first two years of the scheme—and has also announced changes to speed the rate at which land is made available for development.

Authorities will no longer have to seek departmental approval for individual deals and will keep a larger share of any surplus arising from land dealings.

The building industry has been severely critical of the scheme, which comprises the Community Land Act and Development Land Tax, claiming that local-authorities are ill-equipped for their new role and that the supply of land has been drying up because of penal tax rates faced by landowners who sell.

Mr. Reg Freeson, Minister for Housing and Construction, said yesterday that the Government was not, however, anticipating any land shortages.

"We are simply asking the local authorities to make up the ground lost in the economic blizzard through which we have passed."

He said that the authorities now had a vital role to play in ensuring that enough land was made available for development.

He admitted that the high rate of development land tax—temporarily at 66⅔ but to rise to 80 per cent in April—was likely to discourage some landowners from selling. Authorities would have to "fill the gap."

Mr. Freeson continued: "Local authorities will need to have an entrepreneurial approach to land dealings on behalf of the community and maintain a close and continuing dialogue with builders and developers.

"It is new and uncharted territory for many local authorities but they have a big opportunity to plan the future shape of our towns and cities."

Mr. Freeson said that house builders would, under the scheme, be able to carry lighter land banks and purchase from local authorities when they required it.

The system would stabilise the market and help moderate fluctuations in house prices. The Government, he said, was looking to the local authorities for "a new start."

The scheme was launched in April 1976. In its first year of operation, nearly 1,600 acres of development land were acquired in England, but this figure dropped sharply to less than 800 acres in the next year.

The rate of disposal to builders and developers was also very low, with only 100 acres being sold in the second year.

Mr. Freeson, who said the scheme had got off to "a sound start," blamed low demand for building land, high interest rates and cuts in public expenditure. The way was now clear, however, for "vigorous progress."

Electricity Board's profit falls

THE SOUTH of Scotland Electricity Board made a £5.6m profit last year—considerably lower than the previous year's despite record turnover of £400m.

The Board's annual report, published yesterday, shows that it paid interest charges of £6.9m last year. It therefore achieved its overall financial objective for 1977-78, which was to break even with something to spare.

Last year, the Board's electricity sales rose by 2.4 per cent. The most significant growth in demand came from industrial and commercial customers.

Reserves at the end of the financial year stood at £60.1m.

More nuclear generating capacity would be required towards the end of the century to supplement coal-fire plant as indigenous reserves of oil and gas become depleted, according to the Board.

Mr. Roy Berridge, Board chairman, said in Glasgow that he did not expect any further increase in electricity prices before next April.

But he admitted that if there was a big increase in coal prices, the Board would have to review the situation.

Prices for domestic electricity in the South of Scotland area were about 10 per cent lower than in England and Wales, mainly because the Board had a higher proportion of nuclear power stations and more modern plant.

Crown Agents official 'bribed to make loans'

A SENIOR OFFICIAL of the Crown Agents, the public body *which needed a Government* financial rescue in 1974, was concerned in corruption involving £1.75m, it was alleged at the Old Bailey yesterday.

Mr. Bernard Wheatley, who died last year aged 48 and was manager of the Crown Agents sterling money market activities, was bribed to authorise loans totalling £1,750,000 to companies owned by financier Sidney Finley, 58, of Nightingale Lane, Clapham, South London, said Mr. Roy Amlot, prosecuting.

Payments, in the form of loans, totalling more than £320,000 were made to Mr. Wheatley, said Mr. Amlot, and at the end of the day none of the £1.75m loaned by the Crown Agents to Finley's companies had been repaid.

Finley has denied eight *charges of corruption* which allege he made gifts or considerations to Mr. Wheatley in the form of loans totalling £321,000 as inducement or reward to him to authorise loans from the Crown Agents to either of two companies — SIS London or Big City Finance — which were in Finley's Tanwec Group.

Mr. Amlot said: "Mr. Wheatley died last year after his commital for trial to this court and before he was actually tried. It it was not for that unfortunate fac he would certainly be sitting in the dock with this defendant."

He told the jury Mr. Wheatley, as manager of the Crown Agents sterling money market, had authority to lend very large sums of money to almost any concern he thought fit.

Between 1969 and 1974 Mr. Wheatley had loaned £1.75m to companies owned by Finley. The money was never repaid because in 1974 Finley's companies were going bust. They were, in fact, wound up in 1975.

Mr. Amlot said: "The allegation is that over the same period Finley was bribing Mr. Wheatley by lending him personally large sums of money through another one of his own companies and unknown to Mr. Wheatley's superiors in the Crown Agents."

Over the same period, Mr. Wheatley had been loaned a total of £322,000 in various amounts at different times. More than half *of the money loaned to Mr.* Wheatley was never repaid because he was not in a financial position to do so. At the end of the day Mr. Wheatley owed £182,000 to Finley.

In the case of the largest loan made to Mr. Wheatley — £168,000 in 1974 — the Crown was saying that money was in reality the Crown Agents' own money.

"Such, says the Crown, was the state of corruption by February, 1974," said Mr. Amlot. He told the jury they may have read that the Crown Agents lost a great deal of money in 1974 and had been bailed out by the Gov*ernment at the end of that year.*

Mr. Amlot said the main function of the Crown Agents sterling money market was the receipt of sterling deposits from principals in Britain or abroad and borrowing and lending sterling on the money market in this country.

"As the manager of their sterling money market, Mr. Wheatley had complete authority to make any loan of the Crown Agents' money he considered appropriate," said Mr. Amlot.

"It seems that the unwritten law was that he could lend amounts of money up to 70 per cent of the security offered, without referring to anybody else in the Crown Agents."

Mr. Wheatley and Finley got to know each other in the late *1960s and their relationship* rapidly developed into a corrupt one. By September, 1969, one of Finley's companies had loaned Mr. Wheatley £1,000 interest free. At the same time, Mr. Wheatley was authorising a loan of lareg sums of Crown Agents' money to another one of Finley's companies.

Referring the jury to some of the documents in the case, Mr. Amlot said the book-keeping, especialy in the money markets sections, of the Crown Agents, left "a certain amount to be desired."

Brent C oil platform in place

By Ray Dafter, Energy Correspondent

SHELL and Esso are preparing to boost production from their Brent oil and gas field in the North Sea, the biggest commercial reservoir in the UK sector.

The two are spending over £2.85bn on the field's development, according to industry reports.

Shell UK Exploration and Production, as operator for the partnership, announced yesterday that the Brent C production platform—the fourth and final production unit — had been successfully located on the field. It was towed from Norway in five days.

The concrete structure was built by McAlpine/Seatank at Ardyne Point, Scotland, and towed to a deep-water site in Norway for completion last July.

Besides producing oil and gas, the platform will act as the pump station for the Brent pipeline system, which links the field to Sullom Voe, in the Shetland Islands, some 95 *miles away. Brent oil is* expected to be carried through this pipeline early next year.

Programme

Initial supplies of Brent crude are being loaded into tankers for trans-shipment to refineries.

Oil from the field is being produced only through the Brent A platform, brought on stream on June 8.

The Brent B platform, which produced the first oil from the field in November, 1976, has been shut down while Shell carries out the second phase of its construction programme.

The Brent D production platform also began a three-week shutdown on June 10 so that gas compression facilities could be commissioned.

Oil produced through the Brent C platform should be added to the total output by the second half of next year.

Brent, thought to contain some 2bn barrels of recoverable reserves (including about 600m barrels of condensate and natural gas liquids) is expected to reach peak production in the early 1980s.

Shell said that the field should yield up to an average of 560,000 barrels a day, including 100,000 barrels a day of gas liquids.

Stronger sterling predicted

By David Freud

STERLING is likely to strengthen, reflecting the altered prospects for monetary growth after the recent economic package, City brokers Laing and Cruickshank predict.

They say domestic credit expansion would have grown £3.5bn in the first half of 1978-79 but, after the package, it will grow by £1bn—or nil from now on. That will tend to reduce interest rates and the Minimum Lending Rate is expected to fall slowly, probably reaching 8 per cent by September.

The rise in sterling will be supported by improving expectations for the current account payments position next year, which might register a £1.5bn surplus compared with a predicted £250m surplus this financial year.

The most effective part of the package was the imposition of the corset, the firm says. The required 3 per cent reduction in banks' interest bearing eligible deposits means that the money supply cannot grow more than 2 per cent in the first half of 1978-79, the equivalent of no growth between now and August-October.

The introduction of the corset meant that private-sector lending could only be allowed to rise £500m in the first half, against the pre-corset prospective growth of £3bn.

Plan for Wales knitwear industry studied

By Our Welsh Correspondent

THE DEVELOPMENT Board for Rural Wales has engaged management consultants Inbucon/AIC to study the possibility of establishing a new style "cottage" knitwear industry in west Wales.

The Board sees the industry providing jobs and an incentive to stay in rural areas, without large capital outlay on plant and machinery.

It believes that the use of Welsh wool in quality controlled, well-styled garments, marketed at home and overseas, could be successful if carefully planned.

Inbucon has already carried out similar studies in to the use and marketing of natural linens in Britain, future markets for the clothing industry, and into reviving the West Indian sea island cotton industry.

The knitwear industry is already the subject of a Government inquiry and has been selected as one of the key industries in the National Industrial Strategy.

The Department of Industry and National Economic Development Office have agreed to co-operate in the study.

Unit trust sales decline in still-buoyant market

BY ERIC SHORT

MAY unit trust sales continued buoyant but were considerably lower than April's record level, according to figures released yesterday by the Unit Trust Association.

Sales fell from £70.3m to £53.2m, but this figure was the second highest on record.

In the first five months of this year, total value of sales amounts to £244m, compared with £141m in the corresponding period last year and £168m in 1976.

These sales are well ahead of those for the corresponding periods in 1972 and 1973, reckoned the boom years for unit trust business.

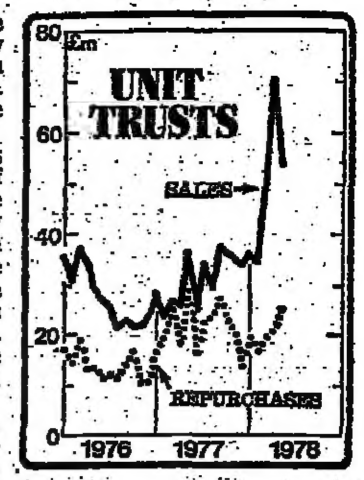
Repurchases, however, were also up on the month at £25.7m, compared with £21.4 in April, resulting in net new investment in May of £27.6m, compared with the record £48.9m of April.

Net new investment in the first five months of this year now stands at £141m, compared with £31m in 1977 and £90m in 1976. Again, this is a record for the period.

The surge in investment arises *primarily from* the popularity of U.S.-based funds which have been advertised heavily by various unit trust groups, both large and medium-sized. The UK-orientated income funds have also contributed to the growth by providing a steady sales base. The groups still regard these funds as providing their "bread and butter" business.

Sales last *month* resulted in the valueof funds under management increasing to £3.73bn at the end of the month from £3.59bn at the beginning. At the end of May last year the value of funds stood at £3.03bn.

However, the number of unit-holder accounts continues its slow decline, shedding more than 2,000 to 1.99m in May, compared with 2.07m a year ago.



Economy picking up sharply, but slower rate is likely

BY DAVID FREUD

BRITAINS ECONOMY is picking up sharply, according to official figures, published yesterday, designed to itentify changes in the level of activity. However, the indicators suggest that the pace is likely to slacken later this year.

The Central Statistical Office's two short-term indices of movements—of shorter-leading and coincident indicators—have been rising for the six months to April.

The index of coincident indicators, which reflects current developments in the economy, is now 6.6 per cent above October's level. The shorter-leading indicators, which have an average lead time of about six months, are 7.2 per cent up.

However, the index of longer-leading indicators, which have an average lead at turning points of about 12 months, fell in May for the seventh consecutive month. It stands 7.1 below the October figure.

The main reason for the May fall was a further rise in interest rates, used in inverted form when compiling the composite index, which offset the rise in the FT-Actuaries 500 index.

Indicators affecting the shorter-leading index included the sharp rise in hire purchase new credit, which offset a fall in new car registrations.

The composite index of coincident indicators rose in April because of the further expansion of the smoothed series of retail sales and an increase in the index of manufacturing products.

The office urges caution in interpreting month-to-month movements and the figures are subject to revision. Nevertheless, the clear warning of a decline in activity delivered by the longer-leading indicators accords with general expectations.

Fafnir rationalises UK production

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LATEST victim of the severe recession in the bearings industry is Fafnir, a subsidiary of Textron, the U.S. conglomerate. *It is to rationalise UK* production at the cost of 400 jobs.

The scheme will involve concentration of all standard bearing manufacture at Fafnir's Hednesford, Staffs., factory while the high-technology and aero space bearings—the group makes bearings for the Rolls-Royce RB-211 engines—will be made at Wolverhampton.

At one stage it seemed likely that the Hednesford plant would be closed even though it received the lion's share of Fafnir's £2.5m expenditure programme in 1974-75.

A major addition to the plant, which makes wide inner ring bearings and transmission cartridge units, was opened in spring 1975.

Discussions with unions and employees about redundancy terms are still going on. They have been told that about 300 jobs will go at Wolverhampton when some work is transferred to Hednesford and another 100 will be lost at Hednesford too.

The cut will go ahead "as quickly as possible." At present the company employs about 1,400.

Cut-throat pricing in the bearings market has also led to *further redundancies at SKF* (U.K.), part of the Swedish group which last year reported a £6.5m loss and that 75 jobs would be cut at Sundon, near Luton, and 125 at Irvine in Scotland.

The only wholly British-owned bearings group, Ransome Hoffmann and Pollard, recently reported that profit from its bearings division had fallen from £1.825m to £909,000 in the six months to March 31 on turnover only marginally ahead from £37m to £38.9m.

It is estimated that the U.K. bearings industry has lost about 5 per cent of its employees in the past 18 months and the total is now down to about 18,700.

Although the main problem is simply one of demand and over-capacity throughout Europe, *the U.K. manufacturers have also* accused the Japanese of adding to their problems by dumping bearings.

Japanese makers gave an undertaking to the EEC Commission to put up prices by 20 per cent. from the beginning of 1978, but the European manufacturers still insist that the increase did not make up for the dumping margins.

Australia flights 'will be cheaper'

CHEAPER air fares to Australia by the end of the year were predicted yesterday by Sir Lenox Hewitt, chairman of the Australian airline Qantas.

"I am sure there will be lower fares on the route this year. And I am sure they will provide for financially-viable services," he said in London.

It is almost certain that the Europe-Australia routes will be drawn into the growing number of cheap fare packages now being offered around the world.

Until recently, because of its vulnerable position at the other side of the world, Qantas has been wary of making too much noise about cutting fares.

But talks between British and Australian Government officials today entered a second week in London. One major aim of the discussions is to allow Qantas and British Airways to bring down the cost of the 12,000-mile journey to Australia

Last autumn British Airways — in the face of an application *by Laker Airways to* introduce cheap charter air services on the route—applied for a low season return fare to Australia of £395.

Lake, whose application with that of BA is still "on the table" at the Civil Aviation Authority, wanted to charge £340 return. This compares with today's cheapest off-season fare of £450.

One reason for the hold-up is a review by the Australian civil aviation body of the entire air travel industry in and outside the country. This is now with the Australian cabinet, and a decision is expected within a few days. The CAA was obliged to shelve the application until Canberra made a move.

Qantas, however, is not keen on allowing any type of charter operation, fearing that this *would dilute the scheduled* carrying.

Sir Lenox claimed that charters would put a substantial strain on scheduled services from points other than Sydney and Melbourne.

HOME CONTRACTS

£5m gun tractors ordered

FODENS has won a £5m contract to provide the British army with medium mobility gun tractors and limbers. The order calls for 50 tractors and 66 limbers, and will take about 16 months to complete. The tractors are designed to pull the new 155 mm gun. The equipment will be built at Fodens' Sandbach assembly plant in Cheshire.

*

Orders totalling around £5m has already been received for INTERNATIONAL COMPUTERS' new machine, the 2972. Three of the orders are from local authorities, which will be using the computers for both financial and *non-financial* applications. The largest system is for Mid Glamorgan County Council—costing £1.9m, it will have 3m characters of main memory and 14 disc drives, each with a capacity of 200m characters. It will be installed at County Hall, Cardiff, in June 1979. A similar system, with with 10 disc drives, will be installed at City Hall, Cardiff, for the City Council, in March 1979. A smaller system has been ordered by Oxfordshire County Council, which will be installed in July 1979.

*

Building contracts totalling over £600,000 have been secured by MANSTON. The largest is for a warehouse costing £297,000 for the *Leigh Mills Company*, at Lowfields Road Industrial Estate, Leeds.

'Boost jobs in small companies'

By Our Midlands Correspondent

A CALL for the Government to focus attention on small companies to achieve a dramatic fall in unemployment comes today from the West Midlands Economic Planning Council.

The council says in a study of small concerns that capital investment in large companies reduces jobs through rationalisation. By contrast, the development of smaller enterprises tends to generate new employment.

The Government is urged to *modify policies on taxation*, employment and financial assistance to provide "positive help for growth-minded firms."

Victorian paintings set records

THE DRAMATIC increase in demand for Victorian painting resulted in Phillips yesterday achieving a record total for a picture sale of £222,340 (6 per cent unsold).

The sale of 19th and 20th-century English and Continental pictures reflected the interest Continental buyers are now showing in the period.

Edgar Hunt's *A farmyard scene with a donkey, poultry and goats outside a barn* (1921), fetched £11,000, a record price for the artist. The estimate had been in line with the previous highest of £5 600.

Rubens Santoro's *The Canal San Travosa, Venice*, was sold for £9,500 to Paraschos, a *Canal, Venice*, by the same artist, German dealer; and *The Apostoli* went for £8,800 (estimate £4,000) to the London dealers Williams and Son.

Sotheby's sale of Spanish books yesterday totalled £14,219. The top price of £700 was paid by London dealer Quaritch for Espinosa (Pedro) — *Primera parte De Las Flores de Poetas Illustres de España* (first edition).

SALEROOM

The sale of Russian works of art by Sotheby's realised £92,115. A 7-inch wide enamelled casket, by Maria Semenova, Moscow, selling for £5,600.

A Faberge gold cigarette case with an enamelled lid depicting three nymphs on a rock went for £2,900.

A sale of English and Welsh porcelain at Christies yesterday made £37,815. The top lot, at £1,150, was paid by Studio Antiques, the Gloucester dealer, for a pair of Chamberlain's Worcester quart mugs, painted with dead game birds.

The Harry Ross collection, which went under the hammer at Christies, realised £33,543. Mr. Ross, who lives in Wimbledon, bought his first bottle for £25.

The top price in yesterday's 181-lot sale, was £2,800 paid by Sung the U.S. dealer, for a Peking enamel bottle, the base with Ch'ien Lung four-character mark, painted with shaped panels of European ladies and children seated in wooded landscapes.

● Today sees the start of Sotheby's sale of the von Hirsch art collection—one of the most important art sales held. The 750 works of art are expected to fetch at least £8m, and a total in excess of £10m seems likely.

NatWest personal account charges up

BY MICHAEL BLANDEN

PERSONAL CUSTOMERS of National Westminster Bank will face higher charges for running their accounts for the second half of this year.

The bank yesterday became the second of the big four to announce higher charges following the Price Commission report which cleared the way by accepting that their present scales were "not excessive."

The move followed the changes already announced by Lloyds Bank for the next half-year. Barclays and Midland are not expected to introduce any increases before the beginning of next year.

The NatWest package shows some significant differences from the Lloyds move. It includes a substantial rise of 50 per cent in the charge made for debit entries on the account—cheques and standing orders—for those customers who do not qualify for free banking.

NatWest is, however, keeping the minimum balance required to qualify for free banking for its five million personal customers at £50.

Mr. Jeff Benson, the group chief executive, said that more than three-quarters of personal customers who keep in credit will continue to pay no charges.

For customers who do not keep the minimum balance, the charge for debit entries goes up from 10 a time to 15p. This compares with the increase from 9p to 12½p at Lloyds, where a lower charge of 7½p was also introduced for Cashpoint automated withdrawals.

NatWest is also introducing, in line with the Commission's suggestion, an allowance against charges for the value of money left on the account, which will be more closely related to the general level of interest rates.

The allowance will be at ½ per cent below the bank's normal seven-day deposit rate, rather than the fixed 5 per cent which has applied until now.

At present, this would give an allowance of 6 per cent. Lloyds fixed the offset allowance at 1 per cent below deposit rate.

NatWest is also changing its basis of charging customers, which at present varies between quarterly and half-yearly at different branches. All charges will now be made quarterly.

This will be introduced at the beginning of next year and has certain advantages for customers in reducing the period for which the minimum balance has to be maintained to qualify for free banking.

Mr. Benson pointed out that the £50 minimum had been set at the beginning of 1974, and in real terms had been reduced since then to little more than half its original value.

Commenting on the Price Commission's alternative suggestion that the banks should pay interest direct on current accounts, Mr. Benson said: "I am by no means convinced that many of our customers would welcome such a move, bearing in mind that as matters stand there would be a tax liability on the interest earned, but we will keep the matter under review."

Footwear outlook bright

BY ARTHUR SMITH

THE OUTLOOK for the footwear industry this year seems reasonably bright, according to the British Footwear Manufacturers Federation's quarterly review, published today.

Higher consumer spending is expected to benefit the domestic retail trade, while the recent deprecation of the pound should give some help to exports.

The review presents a mixed picture of the industry, which is reported to be "still reasonably busy." Exceptions are in the men's leather sector and some parts of the children's trade where a swing to more casual styles has hit demand.

Most companies have more than a month's work in hand, but there is still widespread spare capacity. "The implication seems to be that, though firms are busier, few are as yet sufficiently confident to gear themselves up to higher rates of production," the federation says.

Television revenue may rise

INDEPENDENT television's advertising revenue may increase this year by 20 per cent, boosted by higher consumer spending after last year's jump of 30 per cent to £300m, according to a survey by Glasgow stockbrokers Eason Watson and Smith.

"The advertising mix is broadening all the time," Mr. David Robb, an Easton research analyst, said yesterday.

"High prestige companies like banks and building societies are now bidding for prime time."

The industry had recovered from the 1972 setback, when an increase in broadcasting time boosted production costs, as consumer spending declined.

Granada and London Weekend Television were prime investments in the sector. Both had minimised the risk of losing their franchises under the review in 1981 by selling productions for network distribution.

Such a move tended to insulate a company against the charge of poor quality TV productions.

The companies had avoided some of the worst effects of the special levy, which could cream off up to 60 per cent of a contractor's pre-tax profits, by selling TV productions overseas.

Aldershot arms exhibition interests Chinese mission

BY LYNTON McLAIN AND COLINA MacDOUGAL

BRITISH PLANS to convert container ships to carry the Harrier vertical take-off fighter were unveiled at the Aldershot Army Equipment Exhibition yesterday 24 hours before Chinese defence manufacturers plan to tour U.K. company stands. The exhibition is the largest and most comprehensive array of military equipment ever exhibited in one place, the Ministry of Defence said yesterday.

Over 10,000 items of equipment are on show in this shop window of UK defence equipment industries. They sold £700m of military equipment last year.

Fairey Engineering, a subsidiary of Fairey Holdings, showed a model of a 300 ft container-ship, redesigned as a "poor man's" aircraft carrier. The full-scale version of the runway system will be on show at this year's Farnborough Air Show in September.

The runway is a series of modified medium girder bridges, now used as standard equipment in NATO. Fairey won orders for £21m of bridges last year and said yesterday the scheme would be based on the new "ski jump" ramp used to ease take-off for heavily laden Harriers. The "ski jump" is still under test at Royal Aircraft Establishment, Bedford.

The six-man Chinese military mission is expected to stay about two weeks and will be visiting British manufacturers after touring of the arms exhibition. The Chinese are expected to call at the EMI stand at the exhibition to see the Cymbelene lightweight radar for mortar fire location in which they are very interested.

They are also understood to be visiting Plessey radar in the Isle of Wight and will want to see Marconi's field artillery computer equipment. On Thursday they are expected to attend the firepower demonstration at Bovington, Dorset, which will include a demonstration by the Hawker Harrier vertical take-off fighter in which the Chinese have already shown great interest.

Lloyd's syndicate sues Oceanus

BY JOHN MOORE

OCEANUS MUTUAL Underwriting Association, a Bermuda-based insurance concern is being sued by a Lloyd's marine syndicate, number 65 (the H. G. Chester syndicate), for alleged breach of contract.

The writ was issued towards the end of last week by Mr. James William Bragg, who is "suing on his own behalf and behalf of all other members of syndicate 65 at Lloyd's and certain other Lloyd's syndicates," believed to be a dozen in all.

In addition to damages there is a claim for a declaration that Oceanus is liable to indimnify the Chester syndicate and the other plaintiffs "in respect of further sums."

The dispute arises from a reinsurance package, which C. E. Heath, Lloyd's brokers, arranged with Oceanus for the syndicates after they had insured containers for CTI, a New York container group.

Meanwhile, Oceanus is involved in a separate action with CTI. CTI is suing Oceanus for $300,000 alleged to be due under the terms of an insurance policy dated April 4, 1977. Oceanus is resisting that claim on the grounds that an unrepresentative claims experience was presented to it when the insurance was originally placed.

And on yet another front, broker C. E. Heath is involved in a dispute, which has gone to arbitration, with a Lloyd's syndicate over other insurances arranged for CTI.

UK chemical industry saving more energy

Financial Times Reporter

THE UK chemical industry has cut its total energy use per unit of output by 18 per cent since 1970, according to a report on energy statistics by the European Council of Chemical Manufacturers Federations which was published yesterday.

It shows that energy savings by the UK chemical industry, which generates 33 per cent of its own electricity from waste gases and other sources, were rather better than the EEC's average savings.

The report also shows that the chemical industry accounted for 18.8 per cent of total EEC energy consumption in 1976 compared with only 15.9 per cent in 1970.

It is suggested that the main reason for this is that chemicals output grew faster than total industrial production during the years 1970 to 1976. The UK's output has increased by 28 per cent over this period.

Print leader stands firm against Phase Four

BY ALAN PIKE, LABOUR CORRESPONDENT

THE FIERCE resistance of some union leaders to any form of incomes policy after Phase Three expires next month was emphasised yesterday by Mr. Joe Wade, general secretary of the National Graphical Association.

Decisions on pay policy at September's TUC Congress could be "of vital importance" to the future of the trade union movement, Mr. Wade told delegates to the union's conference in Douglas, Isle of Man.

It was not the movement's function to "sacrifice on a permanent basis our hard-earned right freely to negotiate our own agreements, or to hand over these agreements either to the Government or the TUC."

Most trade union leaders accept that there can be no formal Phase Four agreement, but some, like Mr. David Basnett, general secretary of the General and Municipal Workers' Union, have suggested the possibility of the TUC agreeing bargaining priorities.

Mr. Wade, in unambiguous contrast to such views, said that the time had come for the TUC to "stop playing the role of policeman, either overtly or tacitly, over its affiliated unions in respect of pay policy."

For some time, he said, there had been straws in the wind about Phase Four and allegations about secret meetings between the Government and the TUC.

"As long ago as last August, I said that the TUC was giving a nod and a wink towards Government pay policy, and that is what we have had throughout the current phase. We are now saying that we want no more of it."

TUC backing

The time had come, said Mr. Wade, for the trade union movement to demand that when the TUC said there had been a return to free collective bargaining—which was what its leaders were saying at last year's Congress — "they mean what they say and will give support to affiliated unions who seek to rectify their rights freely to negotiate their own agreements."

There was not a single union which had not learned the lesson of 1974-75. Pay claims would be moderate, reasonable and negotiated within the capacity of different sections of industry to pay.

But there must be freedom and flexibility.

The message from the conference must be that "we will not tolerate any further Government interference in wages bargaining and we will not accept any norms, guidelines or incomes policies at this time."

Among the motions on pay policy to be debated today is one calling for an aggressive campaign, including mandatory meetings in working hours, non-co-operation and a work-to-rule aimed at achieving a high basic rate and a shorter working week.

Earlier yesterday, Mr. Les Dixon, NGA president, expressed his concern that in recent months some national newspaper members had refused to accept the authority of the union.

This problem arose most recently in an unofficial dispute by machine managers at The Observer, and led to warnings that the newspaper could close if normal working was not resumed.

"There is nothing more damaging to a trade union than the undermining of its constitution and authority, and having to inform any management that, although we have given instructions for normal working to be resumed, our members are ignoring that instruction," said Mr. Dixon.

London region delegates yesterday failed in an attempt to have motion included on the order paper which would have given regional secretaries authority to call industrial action.

Transport workers back pay offer to builders

By Nick Garnett, Labour Staff

THE Transport and General Workers' Union extricated itself from its difficulties over this year's pay and conditions offer for the construction industry when lay delegates voted yesterday to accept the deal.

The same lay delegates on the union's joint construction and craft committees last month rejected the offer, in defiance of their negotiators' advice and in opposition to the Union of Construction Allied Trades and Technicians, the largest covered by the agreement, which had voted for the deal.

The Transport Workers subsequently found that few regions were willing to take industrial action, planned for this month, and UCATT's annual conference later stood firm on accepting the deal.

The joint union side of the construction industry is to discuss the situation today before meeting employers on the National Joint Council for the Building Industry.

Earnings

Although the two smaller unions covered by the national agreement, the General and Municipal Workers and the Furniture, Timber and Allied Trades, have also been unwilling to accept the offer, the Transport Workers' vote yesterday will ensure that the deal is concluded.

The settlement, which will run from June 26, will raise craftsmen's total minimum earnings from £54.60 to £60.20 and labourers' from £47.70 to £52. It affects about 800,000 workers.

The Transport Workers said the lay delegates, who voted reluctantly 18 to 5 for the deal, had done so in the light of existing circumstances and "in order to avoid disunity resulting from decisions taken by other unions which could result in confrontation on the picket lines."

Pay rows in NHS growing

By Pauline Clark, Labour Staff

UNION DISSATISFACTION over pay in the Health Service was underlined yesterday as the 211,000-strong Confederation of Health Service Employees (COHSE) called for a minimum basic wage of £80 a week and Britain's 5,000 hospital electricians began a work-to-rule in spite of a new productivity offer.

The hospital electricians, represented by the Electrical and Plumbing Trades Union, called off their plans for selective strike action last Friday after accepting new pay proposals as a "basis for negotiation." They are seeking a £70 wage.

However, the union's executive council has yet to decide whether to call off the overtime bans and other industrial action which hit hospitals throughout the country yesterday. The executive is expected to make a statement today afer receiving details of the new productivity proposals.

At the COHSE annual conference in Scarborough, delegates voted overwhelmingly in favour of a national executive motion which "deplores the continuing low rates of pay of staff in the health and social services."

It called for a minimum basic wage of £80 a week to be sought during the 1978-79 pay round.

● Meanwhile, a walkout by electricians over pay parity with private industry disrupted services at the Charing Cross Hospital, in London yesterday.

● A bid to resolve a dispute at Greenwich District Hospital, over the sacking of a sister, failed after talks between staff and hospital management reached stalemate.

ICI starts to close ethylene cracker

BY OUR LABOUR STAFF

Imperial Chemical Industries yesterday began to shut down the smaller of its two ethylene plants at Wilton, Teesside.

It said that it had been forced into closing the Olefine 4 cracker and possibly other plants because of a shortage of instrument artificers.

It has been in dispute with manual unions over the training of fitters and electricians to be artificers.

ICI, in close touch with the Department of Employment last week over its intentions, said that the shutdown would take about two days.

Between 200 and 300 jobs are expected to be in jeopardy over the next six weeks.

Engineering employers attack cut in hours

BY PHILIP BASSETT

THE TRADE UNION target of a shorter working week was attacked yesterday by the Engineering Employers' Federation. The Federation is a major member of the CBI, which will tell the Chancellor today that any reduction in the working week is unacceptable.

Mr. Anthony Frodsham, director-general of the Federation, said that a shorter working week would add to costs, reduce Britain's competitiveness, and so lower demand for British products. The result of a reduction would be a loss in business and a rise in unemployment.

The "simple argument" which saw the reduction in the working week as a way to alleviate unemployment overlooked fundamental facts. It was argued that a 35-hour week would mean jobs for one-eighth more people, but the engineering industry was already unable to find all the skilled workers it needed.

A "hasty and ill-considered" reduction in the working week would be likely to be very damaging, particularly at a time when British industry was still not competitive enough.

Co-op plan abandoned

WELSH trade unionists have effectively abandoned a plan to take over British Steel's Redpath Dorman Long subsidiary in South Wales as a workers co-operative.

The formation of a co-operative was suggested by the Wales TUC as a last-ditch scheme to save the jobs of 300 men at Redpath's Treorchy plant in the Rhondda Valley, where unemployment is running at 16.5 per cent. Redpath is to close the works, which makes structural steel in September, because of the depressed state of the construction industry.

But after discussions with the management, the unions at the plant have accepted that their resistance to closure has been seriously inhibiting efforts to find alternative jobs for those affected.

Shop stewards threaten to quit union

By Arthur Smith, Midlands Correspondent

SHOP STEWARDS representing Midlands oil industry workers have threatened to pull out of the Transport and General Workers' Union unless a "witch-hunt" against Mr. Alan Law, regional secretary of the commercial transport drivers, is halted.

They are protesting at the call by drivers in another branch for a national inquiry into allegations of irregularities in a ballot involving Mr. Law.

The drivers are organising a petition of support for Mr. Law.

Higher TUC fees sought

PROPOSALS for a 25 per cent increase in TUC affiliation fees are to be considered by the General Council soon.

The plan, if approved, will go before Congress for endorsement in September. It would add about £550,000 by 1980 to the present affiliation income of £2.3m.

Crossed lines at Post Office

NEWS ANALYSIS

POEU DISPUTE

BY CHRISTIAN TYLER

THE POSSIBILITY that Britain's armchair sportsmen will be deprived of their television coverage of Wimbledon tennis, golf and cricket matches in coming weeks will draw attention to a dispute that has had little of that so far.

Others who have however already been made aware of industrial action by the Post Office Engineering Union include thousands of telephone subscribers, many in the City, who have been waiting for their lines to be hooked up.

The dispute, which goes back seven years but which has grown rapidly in recent months, is about the union's claim for a 35-hour week.

It has several unusual features. First, the POEU is about as moderate a union as can be found. Yet its leaders are witnessing an explosion of militancy, and threats of secession, such as none of them has seen before.

So great is the feeling that Mr. Bryan Stanley, the general secretary, has decided not to stand for re-election this year to the national executive of the Labour Party so as to concentrate on union business.

Secondly, the issue, though now a main plank of trade union policy, is not the kind that normally triggers industrial action though that may change.

Also unusual is the extent to which the union's conference delegates have pushed the executive into action and overturned some of their suggestions for a solution.

The threat to outside television broadcasts—but to many other less visible services as well—is the direct result of a recent conference decision.

A holding operation, and possibly a path to settlement, has been devised by the Department of Industry.

Lord McCarthy, the industrial relations expert from Nuffield College, Oxford, is to hear the union's and Post Office's case next Monday, after which he will presumably suggest the basis of a negotiated settlement. None of the parties is bound by his report.

There is no evidence that the POEU dispute, which has meant industrial action since last October, has shaped the demands that the TUC will put to the Government in the talks that are now beginning in earnest about pay after Stage Three.

But the TUC's and POEU's coincidence of view could materially help the union secure the forward commitment to a reduction in hours that it is seeking.

The dispute has brought together, in the view of Mr. Stanley, a whole range of worries and grievances. He fears that years of close consultation with the Post Office and dedication to the customer's demands could go up in smoke. This is quite apart from the possible disruption of the Post Office's rapid and extensive introduction of new technology in an expanding market.

Why have the 125,000 Post Office engineers turned so angry? The dispute has a long history, and rests on the fact that the engineers have always had longer standard hours than typists, cleaners—indeed all other grades. The latter are paid during their meal breaks and have, in effect, a 37-hour week. The engineers do not want the meal break paid, they want the same working hours at least.

Secondly, they feel they should be rewarded for past co-operation in substantial productivity gains to extract some benefit from the improvement. Pay policy has, of course, also contributed to the grievances of craftsmen for whom differentials are sacrosanct.

Thirdly, Mr. Stanley believes, the Post Office has simply failed to address itself to the industrial relations problems associated with rapid change in the nature of jobs, and failed to assure his members that jobs will not be lost as automation increases. POEU leaders believe that the expanding market will help maintain jobs. The members, however, are not convinced.

This last point is unusually important in an industry where men are trained in skills that only one employer — the Post Office — can use. They go in expecting to be there for life. More than that, they expect their sons to follow them in the business. Mr. Sanley himself is the third generation Post Office engineer, and he has a son working at the Post Office tower in London.

Pressed as they are from below, the union's leaders say that the department and the Post Office itself have, and are still, underestimating the strength of feeling.

If the Post office carries out its threat to send men home, the reaction will be enormous, they believe.

They also accuse the Post Office of turning down a union guarantee that shorter hours will lead to no loss of output and no increase in overtime working —a fundamental objection to any shorter hours claim.

Since last autumn, the engineers have been refusing to operate new telephone switching equipment where that enlarges capacity — hence the backlog of subscribers connections. Now that is to be tightened to include military telecommunications and marketing projects, and all fields in which new equipment is introduced.

Secondly, branches have been asked to put up ideas for further industrial action. If members are sent home, there will be local overtime bans or stoppages of work and the national executive will consider national stoppages for fixed periods.

Meanwhile, the executive may authorise action at the national Giro and other places where money is distributed.

Where action could be a matter of life or death, the executive would ask engineers to do the work but not seek payment for it. Lastly, from the beginning of next month — by which time the McCarthy Report could be complete — the engineers will refuse to stand in for engineering management grades and refuse promotion to that grade.

BANK OF ENGLAND BULLETIN ANALYSED BY PETER RIDDELL, MICHAEL BLANDEN, DAVID FREUD

Pay restraint vital 'to curb inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A "VERY marked and distinct fall" in the rate of increase in wages in the coming year is needed if the improvement in the rate of price inflation is to be *maintained*, says the latest quarterly bulletin from the Bank of England.

The bulletin, published this summer, pays particular attention to inflation, as did Mr. Gordon Richardson, the Governor of the Bank, in his Berne speech last week.

The Bank says that the 12-month rise in retail prices may stand at about 8 per cent for the rest of this year, with small fluctuations.

This is in line with the recent statement by Mr. Roy Hattersley, the Prices Secretary, about inflation prospects, though the Bank puts it more tentatively.

The bulletin notes that fears of a new acceleration in wage inflation have caused market uncertainties.

"Such a development is not impossible and the fear of its occurring cannot be demonstrated to be unreasonable.

"But in the summer before each of the previous *three* pay rounds, the continuance of wage *moderation* appeared uncertain. In fact, there is no reason to regard a renewed acceleration as inevitable."

Moderate claims

The Bank notes that "very considerable progress" has been made. "The rate of inflation in this country is now almost in line with the *average* among the UK's competitors.

"*However, this is clearly only* a relative success and other countries are now likely to give renewed priority to containing inflation. This year's increase in earnings, though in some respects moderate, is still quite large—and is resulting in a clearly abnormal increase in real incomes."

It is estimated that real average earnings rose by 5½ per cent during the first eight months of the present pay round, with a further rise likely during the remaining months.

Real average employment incomes moved more or less in line with productivity in the early *1970s; the relationship* broke down during the rapid inflation between 1973 and mid-1976, but was almost restored after Phase Two.

During the present wage round, the growth of real wages appeared to be moving ahead of productivity once again.

"A continuation of anything like this year's rate of increase in (nominal) earnings would be quite incompatable with holding the rate of inflation next year *or* reducing it below this year's figures.

"This may not be fully appreciated; there seems need of *much* greater awareness that nothing *like this year's increase* can safely be repeated, and that a very marked and *distinct fall in* the rate of increase in wages is needed if the success of efforts so far is to be pressed home.

"The rise in prices next year could be well below 8 per cent if the rise in earnings also were below this 8 per cent figure. To achieve this, the rise in wage rates would have to be somewhat lower still.

Bank of England Quarterly Bulletin: Volume 18, No. 2; June 1978. Available from Economic Intelligence Department, Bank of England, London EC2R 8AH.

"There will have been a large increase in personal real income in the *present* pay round, *with* earnings going up far faster than prices; *if* the next rise in wage rates were kept to moderate dimensions, this would not be incompatible with a continued rise in real incomes next year.

"If inflation could be reduced next year, there would be a good chance *of continued* moderate economic expansion over the next few years . . . *How fast a* rate can be sustained will depend in part on how fast expansion proceeds in the rest of the world.

"Consumer spending rather than Government expenditure is the main influence behind the *expansion in demand* taking place this year.

"Consumption has been growing strongly since the middle of last year, under the influence of tax cuts and earnings increases well above the growth in prices. The signs are that consumption will continue to rise fairly strongly"

The *savings ratio* was *likely* to have fallen only slightly in *the first quarter from* the earlier record level of 16.2 per cent.

"Any reduction in the savings ratio from its present very high level would add to the growth of consumption: however, it seems quite likely that individuals will take the opportunity to rebuild their stocks of liquid assets which, in real terms, have been depleted during the past five years.

"Taking all these factors into account, there is the prospect of a rise *in consumer spending of* perhaps 5 to 6 per cent during 1978.

"Whether the present recovery of demand can be sustained depends in large part of whether there is a response of domestic output to the undoubtedly rapid growth in consumer spending that is occurring this year.

In the past, such an expansion has tended to be *frustrated* by the tendency for most of the increase in demand to be met from imports, and for domestic production to respond *only* slowly.

If expansion was to proceed successfully, financial confidence needed to be maintained.

There is a lengthy discussion of the reasons for the change of mood *in financial markets this* year.

"The Bank identifies the poor trade figures for the first quarter, the periods of pressure on the exchange rate associated with the strengthening of the dollar, some aspects of the budget proposals, the growth of sterling M3 *towards the end of the last* financial year and underlying doubts about the future course of inflation."

The pace of monetary expansion must, in general, affect the exchange rate.

"But, *in spite of research* efforts in the Bank and elsewhere, *it is* hard to establish a close-knit relationship between the exchange rate and the relative *rate of monetary expansion* here and abroad, of a sort which *could explain recent changes in* the exchange rate in these terms."

This view has been put forward by the London Business School, among others.

"The pace of monetary expansion this year did not become *fully apparent until May and only* then gave rise to widespread concern.

"It thus seems unlikely to have played a major role in the weakening of confidence in sterling in March.

"Nevertheless, over the longer term, the evidence suggests that it can only be helpful *for* exchange rate stability that *monetary* expansion *should* be kept within the target range."

The commentary section of the bulletin discusses the degree of spare capacity in the economy. *It concludes* that capacity constraints on manufacturing *activity are unlikely* to emerge, at least in the short term.

Evidence of serious shortages of some key craftsmen was growing, and these could inhibit growth in some parts of the engineering industry *over* the next year.

The Bank *also includes an* attempt to calculate what the *Budget balance would have* been if the effects of changes in the level of economic activity and unemployment were removed.

Considerable definitial and estimation problems are involved which complicate comparisons with similar *research carried* out by the Treasury, the *National Institute and the* Department of Applied *Economics at Cambridge.*

The broad pattern had been similar, showing the "considerable extent by which discretionary fiscal policy has tightened since 1974."

The Bank estimate implies that the fall in the level *of* economic activity over the *period has offset the* contractionary impact of discretionary fiscal policy.

It has increased the public sector financial deficit by 6.1 per cent of Gross Domestic Product. This has worked via the operation of automatic revenue and spending stabilisers.

DCE AND THE MONEY STOCK M,

£ millions: seasonally adjusted; mid month

	Apr. 77-Apr. 78	Apr. 77-July 77	July 77-Oct. 77	Oct. 77-Jan. 78	Jan. 78-Apr. 78
Central government borrowing requirement	+4,603	+1,069	+ 88	+1,577	+1,869
Net *purchases* (−) of central government debt by *non-bank private sector*	−6,765	−1,694	−2,304	−1,719	−1,048
Other public sector*	+1,297	+ 247	+ 676	− 35	+ 409
Bank lending to:					
UK private sector†	+4,087	+ 969	+1,259	+ 726	+1,133
Overseas	+1,226	+ 158	+ 208	+ 225	+ 635
Domestic credit expansion	+4,448	+ 749	− 73	+ 774	+2,998
External foreign currency finance (increase−)	+2,740	+ 820	+1,523	+ 693	− 296
Other	− 592	− 549	− 126	+ 278	− 195
Sterling m	+6,596	+1,020	+1,324	+1,745	+2,507
Percentage change in sterling m	+ 16.4	+ 2.5	+ 3.2	+ 4.1	+ 5.7
m	+4,533	+ 882	+1,470	+1,175	+1,006
Percentage change in m	+ 23.6	+ 4.6	+ 7.3	+ 5.5	+ 4.4

* Other public sector borrowing requirement, *less* purchases of other public sector debt by the private sector (other than banks).
† Including commercial bills held by the Issue Department of the Bank of England.

ESTIMATED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES

The total surplus in the first quarter was significantly lower than in the fourth quarter of 1977.

$ billions

Net external liabilities increase to £2.4 bn

LARGE INFLOWS of funds from abroad last year and the rise in the value of sterling, made a substantial impact on Britain's external "*balance sheet*," a special article in the Bulletin shows.

At the end of last year the total value of the country's net external liabilities — the balance sheet deficit — had risen to £2.4bn. This compared with £1.5bn at the end of the previous year, revised downwards from the earlier estimate of £2bn.

Within last year's total, a fall in the net external assets of the private sector of nearly £6bn out*weighed a decline of £5bn* in the net liabilities of the public *sector.*

The Bank points out that, in some senses, the picture of a larger deficit at the end of last year is misleading because of the effect of exchange rate changes.

The effective 16 per cent depreciation of sterling during 1976 is estimated to have added around £1.5bn to total assets rather than to liabilities in *sterling terms.*

In contrast, the effective 7 per *cent appreciation last year cut* assets by £1bn more than *liabilities.*

The Bank attempts to eliminate the effects of exchange rate changes on the UK's net external position in the last few years.

The figures are rough esti*mates but they show that, after* the large increase in net liabilities of £2.8bn in 1975 and the smaller rise of £1.4bn in 1976, there was hardly any change last year.

In the private sector, total net assets dropped by £5.9bn last year, with assets falling and *liabilities rising. This was* in sharp contrast with the net rise *of £4.2bn in the previous year.*

The book value of U.K. companies' direct investment abroad is estimated to have risen by only £300m, after jumping by about £3bn the previous year.

Against this, overseas direct *investment in the UK rose* by £850m, largely the result of unremitted profits.

UK oil companies' net assets abroad rose by some £150m, while continuing large capital spending on the North Sea was reflected in a £1.15bn increase in the net UK assets held by overseas oil companies.

The stock of UK portfolio *investment abroad fell* by £1.35bn, but overseas residents *invested £225m in UK company* sterling securities. UK companies also *raised* a larger amount by borrowing abroad.

Net banking and commercial liabilities rose by some £1.45bn, with a particularly steep increase of £1.6bn in the sterling deposit liabilities of UK banks.

This was almost entirely due to private overseas holders from *a wide spectrum of countries and* was concentrated in the second *half of the year* when the pound was expected to rise.

The *inflow* of foreign funds into gilt-edged securities was a major influence on the public sector's position. The net public sector external liabilities, apart from official financing items, rose by over £2bn to £5.9bn after declining by £200m in 1976.

Over £1.6bn of the increase was due to a rise in foreign holdings of gilt-edged stocks. Private overseas residents invested nearly £1bn in this way, a record figure nearly ten times larger than in 1976, the previous record year, and roughly double the total net purchases over the previous decade.

The rise clearly reflected the combination of attractive yields, *falling interest rates and the* expectations of an appreciation *of sterling.*

The recovery of confidence led to a *massive inflow into the UK,* much of it going into the reserves.

The exceptional increase in reserves left a net official asset position of over £1.1bn at the end of last year, in spite of rises in financing liabilities through the borrowings from the IMF and other sources.

'Wage bill best key to export chances

THE BEST *measure* of the United Kingdom's export com*petitiveness is the International* Monetary Fund's normalised unit labour *cost index, a special* article in the bulletin said.

However, no single index was best *able to explain changes in* the volume of imports. The bank *found that a combination giving* equal weights to the smoothed unit labour cost index and the ratio of import prices to whole sale prices was able better to explain the volume of finished manufactured imports than any *single index.*

As for other factors, the tests showed that in exports, the growth of world trade was highly significant.

*In imports, the domestic busi*ness cycle was always significant, confirming that the *higher the* pressure of home demand the higher its proportion that will be satisfied from imports.

The bank said that on unit labour costs, although not on most other measures, the UK *was probably still much more* competitive at the end of last year than in 1970 and 1975.

The reason the unit labour index worked best on empirical grounds was probably that it was applicable to a variety of market conditions.

The significance of world trade in the export equation, and the fact that relative export prices *significantly added to the* explanatory power of the export equation, provided evidence for the existence of demand constraints on the level of U.K. exports.

The correspondingly low *weighting given to normalised* unit labour costs in the export *equation suggested that a large* improvement in competitiveness thus defined (whether by depreciation or by incomes policy) would be necessary to achieve any sizeable increase in export volumes.

Change in seasonal money forecasts

THE Bank of England is to publish its forecasts of the seasonal adjustments for the money *supply and* banking figures each month ahead of the appearance of the figures themselves.

The new move follows the large changes which were made to *the seasonal adjustments last* year. In describing the plan the bank's latest bulletin says that the forecast adjustments for the next month will be released at the time of publication of the monthly figures.

However, because these forecast adjustments may have to be revised at times, any revised adjustments will be made known when the bank publishes its *figures of eligible liabilities for* the banking system. This is normally just over a week before the appearance of the full money supply statistics.

This is not expected to happen more than two or three times a year, and revisions are most likely to be needed in January and February when there are uncertainties associated with the flow of Corporation Tax.

A £750m underestimate of likely Corporation Tax receipts, which only became apparent late in the year, was one of the reasons for the sharp upward *revisions in earlier estimates of* the money supply announced in May, according to a special article in the Bulletin. As a result, the Bank says, arrangements are being made to shorten the time lag between initial revision and analysis of tax receipts and the consequential *recalculation of* the seasonal adjustments.

The Bank points out that there are greater difficulties in measuring the seasonal influences affecting the money series than for many other official statistics. The past "may not be a reliable guide to present seasonal patterns, largely because of abrupt *changes in the pattern of public* sector operations."

An important problem, has arisen in attempting to forecast the public sector borrowing requirement, which has proved difficult not only for the year as a whole but particularly in relation to the month to month *pattern of changes.*

The Bank says: "Later information on the *outturn for* the financial year accounted for, a large part of the revisions which were announced in May: the remainder *reflected* modifica*tions* to take account of better information about Government *expenditure by banking months* (rather than calendar months) as soon as this became available."

Impact

The first problem, the article comments, arises from the *abrupt alterations* to the seasonal pattern of the flows of *Government receipts and pay*ments which can result from administrative changes.

In the first year or two after such a sudden change, it is necessary to estimate the often substantial impact on the regular monthly pattern of bank deposits and advances.

The Bank *emphasises* that it is not the purpose of seasonal adjustment to correct *for all* fluctuations in Government receipts and payments, but only those of a recurring nature. Even after seasonal adjustment, *erratic items* will always remain in the monthly banking figures.

The second *difficulty arises* from the different dates on which the banking figures are taken—the third Wednesday of each month except December, when it is the second Wednesday. This is important mainly because of the influence of Government transaction which do not flow *evenly throughout the month.*

Therefore, the money and banking figures are adjusted by "an estimated correction *for recurrent patterns* associated with the varying *reporting dates*, as well as for the more 'normal' seasonal factors which cancel out within the year."

Distinctive characteristics of *the adjustments lead to some* unusual features. "First, the adjustments to be applied to individual months in any year often differ substantially from *those for the same month in the* year before.

"Second, the seasonal adjustments do not necessarily precisely cancel out over a period *of 12 months.*"

The Bank then turns to the *question of the year on which* the adjustments are based. At present, this is the calendar year rather than the financial year or the banking year to mid-April. There are some reasons for thinking that the adjustments to the monthly money supply figures would be better based on the *financial or banking year.*

However, other considerations point the other way, the Bank says. A particular problem has arisen with forecasting of corporation tax receipts and though the problem of revisions has *previously not been so important* "this year the original corporation tax forecast was £750m. too low and the full extent of this underestimate did not become clear until very late in the financial year."

A related point, the Bank comments, is that the target period *for monetary aggregates may not* always be mid-April to mid-April. The *rolling targets* adopted for the current year could mean, for example, that they might on occasion run to October.

The arguments, the Bank concludes, are finely balanced and "an eventual change to centring on financial years is by no means *ruled out.*" *However*, "whatever year is chosen, the total adjustments *will not cancel out* exactly."

£70,000 teeth care campaign

AN EDUCATIONAL *campaign* was launched yesterday to try to improve Britain's dental health — a problem which costs the country more than £200m a year. The £70,000 campaign, with the slogan Remember your Teeth, is aimed at three main groups—expectant and nursing mothers, *adolescents and school children.*

Initially, it will involve about *100,000 people in the Bristol area* over the next year — could dedelop into Europe's biggest dental health education programme. The project is being run by the British Dental Association and Avon area health authority with financial support from dental product manufacturers.

Plea to oppose Lakeland plan

MR. ROLAND WADE, acting chairman of the Council for the Protection of Rural England, urged the Lake District National Park Board yesterday to oppose a Cumbria County Council plan to raise the level of Ennerdale Lake in the Lake District by four feet.

He said that would submerge the shoreline.

He told the annual meeting of the conservation body's Lan*cashire* branch that the scheme was widely opposed.

Oil revenue of exporting countries falls slightly

TOTAL oil revenues of oil-exporting countries fell very slightly in the first quarter of this year, according to estimates *by the Bank. With this decline,* and a further increase in imports, the *surplus funds available* dropped to $5.4bn compared with $6.4bn in the final quarter of 1977.

With revenues likely to decline further, the Bank expects a further fall in the cash surplus.

In the first quarter the amount invested in sterling holdings was *again little changed.* However, foreign currency deposits with UK banks rose *by $1bn after* declining in the fourth quarter of 1977.

Investment in the U.S. was higher than in the previous quarter and accounted for a third of the total cash surplus, a higher *proportion than in most of 1977.*

Bank deposits in other countries continued to rise, though less strongly than in the previous quarter. The diversification into currencies other than the dollar, which had been significant in the third quarter, was less noticeable in the fourth and it seems likely *that little further diversification* took place in the first quarter of this year.

NET EXTERNAL ASSETS AND LIABILITIES

£bn	End-1974	End-1975	End-1976	End-1977
Investment	+5.9	+6.2	+9.3	+4.8
Banking and commercial	−1.6	−2.1	−0.9	−2.4
Net external assets of the private sector	+4.3	+4.1	+8.3	+2.4
Public sector (other than reserves and other *official* financing)	−4.1	−4.1	−3.8	−5.9
Reserves and other official financing	—	−1.7	−6.0	+1.1
Net external liablities of the public sector	−4.1	−5.8	−9.8	−4.8
Total net external assets/liabilities of the United Kingdom	+0.2	−1.6	−1.5	−2.4

A bumpy ride on the road to efficient licensing

DAVID CHURCHILL on the Swansea Driver and Vehicle Licensing Centre

A MOTORIST went to prison recently rather than pay a small fine for failing to produce his driving licence to the police. He told the Court that his application to renew his licence had been "lost" within the Driver and Vehicle Licensing Centre in Swansea.

However, subsequent investigation at the 16-storey purpose-built licensing complex in *South Wales revealed that the* motorist had not made his application for a licence until *after* he was picked up by the police.

The motorist had tried to use the fast-growing weapon against driving violations: the so-called "Swansea Defence." This tries to put the blame for any offence involving car registration or driver licensing firmly in the lap of the Swansea computer. Although in this particular case the Court was not impressed with the "Swansea Defence," the motorist's allegations received widespread publicity.

Since it was opened just over five years ago, the Swansea Centre has been the subject of many such stories. They range from a child of six being sent a licence reminder to a man whose driving licence number turned out to be the post code of *his address. In more serious* vein, bus drivers and others who rely on a driving licence *for their work have allegedly* been suspended from their jobs because their licences have been held up at Swansea. In one such case, a judge went so far as to brand the computer a "monster."

It is *no* surprise that such apparent bureaucratic bungling *has been latched onto with glee* by Conservative MPs. Mrs. Sally Oppenheim, MP, a Tory *front-bench spokesman*, is currently compiling a dossier of alleged delays. Other MPs—the latest is Mr. Patrick Cormack, Tory MP for Staffordshire South-West—are also putting pressure on the Department of Transport to hold a full-scale inquiry into the Centre.

They are little mollified by Mr. William Rodgers, Transport Secretary, recently giving the Centre a clean bill of health after visiting the complex.

Yet critics of the Centre have an unlikely ally in their demand for an independent inquiry. The union which represents most managerial grades at the *Centre, the Society of Civil* and Public Servants (SCPS), has strongly attacked the Centre's top officials for poor management leading to a sharp slump in staff morale.

"The most shattering aspect," the union says, "is that much of the responsibility for the Centre's failings lies at our own doorstep, and in particular at the senior level where decisions are finally made." The union lists a whole catalogue of bad decisions by senior management and says that its members have nothing to fear from an outside inquiry.

These latest allegations of lengthy delays and costly errors are not the only problems the Centre has faced in its short history. It started off on the wrong foot by costing more and taking longer to become operational than expected—problems that received a sharp rebuke from the powerful Commons Public Accounts Committee. Then in 1976, the Government was on the verge of shutting down that part of the centre responsible for motor taxation in order to reduce Civil Service manpower.

Eventually it decided against this—but last year the Centre *was again in the news when* staff refused to handle the so-called "cherished" transfers of personal number plates.

And the centre is currently repaying up to £1m to almost *100,000 motorists who may have* been misled last year over the terms of the rise in vehicle excise licences. This followed an Ombudsman's decision that three people were misled at the time.

In one *sense*, however, the Swansea Centre was a victim of circumstances. It was conceived *during the 1960s when* the "big is better" philosophy was rampant. The 1965 Wallet Report recommended that driver and vehicle licensing should have "a central office, of considerable size, with a large automatic data processing system." This was to replace the previous system under which driver and vehicle licensing was carried out by 183 local offices run by local authorities. They were fast becoming unable to cope with the explosive growth of motoring. During the 1960s there was a 50 per cent increase in the number of drivers and a 60 per cent increase in the number of vehicles. There are about 22.5m commercial and private drivers and 19m cars *at present* in the UK, compared with 5.4m drivers and 4.1m cars in 1949. The number of cars *being licensed* is growing at the rate of 1.5 per cent a year.

As part of Government relocation policy, Swansea was chosen as the home for the new computerised records and administration of driver and vehicle licensing. The complex, with its 5,500 staff, spans some 25 acres on a site about five miles from the town centre. But even this mammoth accommodation is not enough; the Centre has been forced to spill over into other offices in the middle of Swansea.

While the Swansea computer now holds all records of vehicles and drivers in the UK, the renewal of vehicle licences is carried out either at Post Offices or at 81 special vehicle licensing offices throughout the country. These offices also licence new vehicles and issue registration numbers.

But all the work on driving licences is carried out at Swansea. The Centre gets about ½m items of mail every day—more *than twice the rest of Swansea's* private and business mail put together.

Licence applications are checked for obvious errors—about 5 per cent are immediately returned for correction. All documents are then microfilmed—it would be impossible to store records—and the microfilm retrieval area is the largest of its kind in Europe.

As something like 100m transactions are made a year—the Centre deals with 25m applications from individual drivers and issues more than 45m driving licences—staff carry out comprehensive checks to try to reduce the *number* of errors. Data is often keyed twice into mini-computers to check for discrepancies.

Routine data processing, such as licence renewal reminders to be sent out, do not have to be laboriously keyed into the computers. Instead the data is fed into a special machine which "reads" the printed characters and converts them directly on to magnetic tape. The new information on tape is then fed into the Centre's three main computers to update existing records. A new master record, consisting of 250 reels of tape, is produced each night. The computer automatically prepares tapes of documents to be printed and these are then run through high speed printing machines. Up to 5m items of mail are sent out each month by the Centre.

With a daily computer check on all the Centre's records—to try to ensure that no renewal reminder, for example, is missed—some 45m driver and vehicle records are processed each night. It is not surprising therefore that some errors occur.

The most frustrating type of error is that which leads to lengthy delays in the system. Some 93 per cent of applications are dealt with inside 10 working days and about 98 per cent within 12 working days. But when weekends and public holidays are added to this, and allowing for postal delays, the average response is three weeks and often four.

The Centre's operating target is around a 95 per cent response within ten working days—so its present level of 93 per cent is hardly bad enough to warrant the abuse heaped upon it. And it is estimated that only one really serious mistake leading to long delays is made in about every 100,000 cases.

Motorists who have a complaint or want some information clarified are able to ring or write to the Centre. About 7,000 inquiries a day are received—about four out of every ten are complaints—and these are dealt *with by over 400 special staff.*

This inquiry system has been one of the more successful examples of managerial initiative at the Centre. But, according to the union representing middle managers (the SCPS), the overall record of senior management at the centre has been less impressive.

One of the union criticisms focuses on the running of the Centre. It is the general problem of finding and keeping the right calibre of computer staff. Civil Service salaries for computing staff are about £1,000 below the current market rate and the demand for qualified staff in the private sector far exceeds the supply. It is even more difficult to attract top computer personnel to move to Swansea.

Such problems are well known to the Centre's top management and a recent Civil Service report agreed that there were *personnel* difficulties in the computer field.

PARLIAMENT AND POLITICS

Minister looks for action on Japan trade surplus

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

COMPLAINTS ABOUT the high level of Japanese exports to the UK, coupled with demands for protectionist measures to defend British industry, were made *during questions to Mr. Edmund* Dell, Trade Secretary, in the Commons yesterday.

The issue was raised on the eve of trade talks between Japan and the EEC Commission which are due tomorrow and on Thursday. The matter will also be discussed at the Bonn summit meeting in July.

Mr. Dell told MPs that our bilateral trade balance with Japan and the size of Japan's balance of payments surplus with the world were not satisfactory.

Mr. Michael Marshall (C., Arundel) wanted to know what the Government proposed to do to encourage Japanese investment in Britain, particularly in view of recent suggestions from the Japanese Government that they would be eager to do so.

Mr. Dell agreed that if the Japanese wanted to step up their *investment to Europe, then there* was considerable advantage in their cash coming to this country.

Mr. Tom Litterick (Lab, Selly *Oak*) pointed out that a recent report had warned that the import of foreign machine tools *was increasing rapidly*. He was also worried about the assembly of Japanese machine tools in this country.

Mr. Dell told him that Britain *had informed the Japanese* that their trade surplus with this country and the world ought to be brought down. They had shown a recognition of this in the statements they had made, and we were now waiting for evidence that they intended to translate this into action.

Mr. Roger Sims (C. Chislehurst) said that the *Japanese* Government had announced its intention to increase imports from this country and other parts of the world.

The *Trade Secretary* replied that he had seen the statement about the Japanese emergency import programme.

But he added: "I don't think it will do very much for the working of the world economy if it takes the form of a large increase in oil imports. What we wish to see is larger imports of manufactured goods by the Japanese."

But Mr. John Nott, Tory spokesman on trade, maintained that in the last resort, world trade was multilateral. So, if the Japanese were importing more oil, *it would eventually* benefit the world trading community, including Britain.

Mr. Dell disagreed and said that it would result in a higher OPEC surplus. This could not benefit world trade. Trade was not purely multilateral because, unfortunately, there were many restrictions on its free movement.

Mr. Max Madden (Lab. Sowerby) stated that in virtually every sector of industry, there had been an increase in important penetration. Sooner, rather than later, we needed to introduce selective import controls if we were to defend jobs *in British industry*.

Mr. Michael Meacher, Under-Secretary for Trade, told the House that in the year ended June, 1977, the latest figures available, import penetration for all manufactured goods into the U.K. rose by 25 per cent.

*But in many individual sec*tors of industry, there had been no increase in import penetration.

We had to allow more time to see *how far* the Government's industrial strategy would reduce import penetration. Substantial areas were already covered by selective import controls and the *Government* was prepared to extend these where British industry was being distorted by imports.

Mr. Dell . . . waiting for *evidence.*

Pardoe launches fierce attack on Thatcher's Ulster visit

BY RICHARD EVANS, LOBBY EDITOR

MRS. THATCHER'S three-day *visit to Northern Ireland sparked* off a slanging match yesterday with the Liberals over the political purpose of the tour.

Mr. John Pardoe, Liberal economic spokesman called it "the most despicable visit by a British politician since Chamberlain's last trip to Munich," and accused the Tory leader of deliberately seeking Unionist votes in order to obtain a *majority* at the *next general* election.

From Westminster, one of the main purposes of her tour is seen as cementing the improving relations between the Conservative Party and the Ulster Unionists. *In the event of another hung* Parliament, this relationship could prove crucial.

Mrs. Thatcher has little in common with, or sympathy for, either the *Liberals* or the Nationalist parties. The Ulster Unionists are the only other minority party expected to retain some seats after the election.

Her emphasis on the "over-riding common purpose" shared *by the Tories and* the Ulster Unionists—the maintenance of the union—and her scornful references to *fashionable* talk of a *federal* Ireland, are both aimed *at attracting the approval of the* Unionists.

But Mr. Pardoe claimed that the Tory leader was in Ulster "to forge an electoral alliance with the *representatives of* religious bigotry."

He said that Mrs. Thatcher had decided she would need the votes of the Ulster Unionists, who, in their neglect of minority interests for the last 50 years had brought Northern Ireland to a state of civil war, in order to obtain a majority at the next election.

Our Belfast Correspondent writes: Mrs. Thatcher yesterday pledged that the Conservatives, if returned to power, would reform the local government structure in *Ulster*.

Addressing Ulster Unionists during her visit, she indicated that Tory thinking favoured one or more directly elected to regional councils with a wide range of powers.

"There *will* be scope for all political parties to participate in these new institutions," she said.

But the Conservative Party would not consider any plans for *Ulster's political future* which could result in the weakening of the union with Britain.

The Conservative leader's promise was welcomed by the *Official Unionist Party* which has been strongly urging the introduction of an upper tier of local government.

Mrs. Thatcher said the Con*servatives recognised that the* Government would have to go on providing substantial assistance to Ulster industry.

In the last two years, however, *industrialists at home and abroad* have been demonstrating their confidence in the future of the local economy and investment in new enterprises had started to revive, she said.

"If we are to halt and then to reverse the years of our economic decline, fundamental changes of policy and of attitude are *required at almost every* level. This is as true of Northern Ireland as it is of the UK as a whole."

She was concerned particu*larly to see a strong revival* in small businesses in Ulster.

Mrs. Thatcher also visited the Belfast textile engineers, James Mackie and Sons — one of the first firms to *go on the Govern*ment's black list for exceeding pay guidelines.

After touring the plant in West Belfast and talking to workers, *the Tory leader had brief discus*sions with the company's directors.

Although these centred on the firm's export achievements, sources in the company said *there was no direct mention of* the Government's sanctions or their effects on Mackie's overseas sales.

Late last year, the Government ordered that export credit *guarantees* be withheld from Mackie's because it refused to renegotiate a pay deal which gave its 4,000 workers rises of up to 23 per cent.

Davis offers little hope on unit trust charges

BY JOHN HUNT

LITTLE HOPE of an increase in the maximum permitted level of *unit trust management charges* was held out yesterday by Mr. Stanley Clinton Davis, Under-Secretary for Trade.

Answering questions in the Commons, he recalled that in March he had told the Unit Trusts Association that he was unable to accept its case for an increase in fees. Since then, the association had made further representations to him.

Mr. David Knox (C. Leek) complained that unit trust management fees had effectively remained at a level which was fixed 26 years ago.

"Charges are now so low that *it is becoming increasingly* uneconomic for unit trusts to look after small shareholdings," he declared. "As a result, some unit trusts are ceasing to cater for the small saver."

Mr. Davis replied that evidence in his possession did not confirm these allegations but suggested that reasonable profits were made between 1970 and 1976.

"I don't see that the decision I have made is in any way unfair. But I will consider carefully the further representations that have been made," he declared.

Newsagents talks urged

*MORE THAN 1,000 retail news*agents had been forced out of business by "wild cat" industrial stoppages in the newspaper industry during the past year. *Mr. Jonathan Aitken (C., Thanet* E.) claimed in the Commons yesterday.

He said that the disputes had caused the loss of more than 90m *copies of national newspapers*.

Mr. Aitken called on the Government to arrange a meeting with the newsagents and the Fleet Street unions to try to solve the problem which was having "disastrous consequences" in terms of loss of jobs and small businesses.

Mr. Michael Meacher, Trade *Under Secretary, questioned the* extent to which Fleet Street disputes were responsible for bankruptcies among newsagents.

Ultimately, it was for the managements and unions concerned to solve any problems. But the Government would be happy to have a meeting with newsagents.

'Bionic' hand trials to start

FIRST TRIAL fittings of a new type of "bionic" hand for young children are expected to start next month, *Mr. Alfred Morris, Minister for the Disabled*, said in the Commons yesterday.

Each will cost £1,000, increased further by fitting and maintenance and will be supplied free under the National Health Service.

Mr. Morris told Mr. Jack Ashley (Lab., Stoke) that medical staff were assessing children for the trials.

These would involve children "whose level of limb deficiency is in the middle-third of the forearm, and who are between the ages of $3\frac{1}{2}$ and $4\frac{1}{2}$." When *experience had been gained, it* might be possible to extend the trial to other children.

If the trial established worthwhile long-term benefits for *children, the hand would be* made generally available.

OBITUARY

Sir Dingle Foot

BY PHILIP RAWSTORNE

SIR DINGLE FOOT, former Labour Solicitor-General, who established an international repu*tation as* a civil rights lawyer, has died during a visit to Hong Kong.

Sir Dingle, 73, was the elder brother of Mr. Michael Foot, Leader of the Commons, of Lord Caradon, former Governor of Cyprus and Ambassador to the UN and of Lord Foot, the Liberal peer and chairman of the UK Immigrants Advisory Service.

The son of Liberal politician, Isaac Foot, he was educated at Balliol College, Oxford, where he became President of the Union.

He took up law and was admitted to the Bar in 1930, becoming a QC in 1954. By 1970, he had become a member of the Bar or roll of legal practitioners in 11 countries.

Sir Dingle fought many major legal battles in the Commonwealth countries of Africa and the Far East and was engaged in a court case in Hong Kong *at the time* of his death.

He entered politics as a Liberal, unsuccessfully contesting Tiverton, Devon, in 1929, before being elected for Dundee in 1931.

During Churchill's wartime Government, he was appointed Parliamentary *Secretary* to the Ministry of Economic Warfare and played an important part in persuading neutral countries to curtail trade with Germany.

He was a member of the British delegation to the San Francisco conference which set up the United Nations.

Sir Dingle lost his Commons seat in the *1945 election* and two attempts to secure North *Cornwall for* the Liberals in 1950 and 1951 failed.

Five years later, he joined the Labour Party after disagreeing with the Liberals' decision to give general *support* to the Conservative Government.

Sir Dingle won Ipswich for Labour in 1957 and held the *seat until 1970* when he retired from Westminster after being defeated in the General Election by 13 votes.

He was knighted in 1964 when *Sir Harold Wilson* appointed him Solicitor-General in the Labour Government, a post he held until 1967.

Mr. Peter Archer, the present Solicitor-General, said yesterday that Sir Dingle was responsible for a great deal of the goodwill in Commonwealth countries towards Britain.

"He enriched the lives of all who knew him. He had a great knowledge of political history and a great sense of fun."

Mr. Ken Weetch, Labour MP for *Ipswich*, said "Sir Dingle was an internationalist in every sense of the word and brought one of the most distinguished legal reputations to politics."

Sir Dingle, a former Labour Solicitor-General

New finance plan for Navy yards dropped

By Ivor Owen, Parliamentary Staff

PROPOSALS FOR introducing a new financial regime for the Royal Dockyards, with their *operations conducted* on the same basis as other State trading organisations have been dropped by the Government.

Mr. Pat Duffy, Under-Secretary for the Royal Navy, told the Commons last night that the idea of placing the four home yards—Portsmouth, *Devonport, Chatham and* Rosyth — under a Government trading fund would not be proceeded with.

The proposals have been *under consideration for* some time and would have meant the dockyards producing accounts on a profit and loss basis with their finance coming from a *trading fund* instead of being provided by Parliament as part of the Royal Navy vote.

It is believed that the pro*posals have been strongly* resisted by professional naval opinion and also at trade union level on the grounds that the operations of the dockyards—*above all, the prime need to* have spare capacity available to meet unscheduled demands from the fleet—do not easily lend themselves to normal com*mercial accounting procedures.*

Mr. Duffy told MPs that in *the Government's view* the advantages of establishing a Government trading fund for the dockyards were at best indiscernible, while, on the other hand, there were readily discernible disadvantages. It had been decided that the idea should not be further pursued.

But he assured the House that this decision did not, in any way, detract from the Government's determination to improve the performance of the dockyards.

Consideration was being given to a suggestion that, like other nationalised industries, they should be given performance indicators.

Mr. Duffy disclosed that the Ministry of Defence is considering the possibility of purchasing a new helicopter capable of lifting the 105 mm light gun as a single load. At present, this weapon has to be split in two when carried by the helicopters now in service.

Mr. Patrick Wall, a Conservative spokesman on naval affairs, suggested that the *Government* should acquire deep sea trawlers laid up as a result of the fisheries dispute within the EEC for use as auxiliary minesweepers.

'Genuine' deals on productivity

ALL PRODUCTIVITY agreements so far monitored by the Department of Employment have turned out to be genuine, Mr. Harold Walker, Minister of State for Employment told the Commons last night.

In a written reply, Mr. Walker *said*: "My Department carries out inquiries into the operation of firms' productivity schemes. So far, these have not established any cases of failure to satisfy the self-financing criteria but the monitoring programme will continue."

EEC trade mark plans

THE EEC Commission does not expect to put proposals for the *creation of a European Com*munity trade-mark office to the Council of Ministers before spring, 1980, Mr. Clinton Davis, Trade under-secretary, told the *Commons in a written reply*.

He said a second draft regulation on a Community trade-mark was now in preparation and would be considered by a work*ing group established by the* Commission.

Tory peer wants 'more money in workers' pockets'

MORE MONEY must be put into the hands of working people and their families, Lord Gowrie, for the Tories, said in the Lords yesterday.

He was *speaking in a debate* on the need to encourage enterprise and innovation in order to stimulate industrial growth.

Lord Gowrie said that the Government, in its efforts to beat inflation through wage control and its special relationship with *trade union leaders*, had no coherent programme to stimulate growth.

Substantially more money must be put into the hands of working people and their families and it must be made substantially more worthwhile to *increase productivity and the* international competitiveness of our goods.

"The instrument of such a strategy is a relative shift from *direct to indirect taxation.*" But this could not be done at a stroke, he said.

Opening the debate Lord Baker (Ind) said more and better*trained engineers* were needed if Britain's industrial problems were to be solved. He called for improvements in engineering training and in engineers' pay *and conditions.*

An engineer himself and a Fellow of the Royal Society, Lord Baker said the engineer was the least mercenary member *of our society.*

We could not be confident of our economic well-being until a high proportion of the brightest children from all families aimed *for a career in engineering.*

For the Liberals, Baroness Seear warned that to deal with short term problems we continued to take measures which *make long term recovery more* difficult. "Nothing is more inflationary than backing failure, pouring money into enterprises in which there is no value *added.*"

Those who innovated must be allowed to reap the benefits of their success. But we had a tax system which made it almost *impossible to do this.*

Viscount Caldecote (C) said industry had been criticised for lack of investment in new plant but it was now seen not to be the primary cause of our difficulties. At least as important was investment in product design and development in innovation.

Engineer and industrialist, Lord Thomas (C) said: "The differential between the amount of money to be earned by working and the allowances to be obtained by not working is far *too narrow.*"

Lord Seebohm (Ind) said that *while the General Council of the* TUC was screaming for more investment, investment "lower down" was not allowed unless manning levels remained con*stant.*

Lord Balogh (Lab) said there was a need for a permanent incomes policy, complied with by the trade unions, and for an increase in productivity. There was a grave danger of wasting the benefits from North Sea oil and gas on a continuing imports spree.

Lord Sherfield said the Government could only set the stage for *a favourable industrial climate.* It could do that by modifying the tax structure, but for many years governments had failed to face up to this problem.

Lord Hewlett (C) said that as an industrialist he was getting "a *fat lot" of encouragement to risk* any more capital. The present rates of taxation were a ridiculous disincentive.

Goods vehicle test fees up

MR. WILLIAM RODGERS, Transport Secretary, laid before Parliament regulations to in*crease from July 1 the fees for* first examinations, periodical tests and re-tests of goods vehicles at the Department's heavy goods vehicle testing *stations.*

Chile air engines verdict promised

A TORY MP claimed in the *Commons yesterday* that shop stewards and Left-wing MPs were frightening the Government into not returning to Chile four Rolls-Royce aero-engines sent here for overhaul in 1973.

Mr. Robert Adley (C., Christchurch and Lymington) pointed out that the engines belonged to another Government. A court order said that Britain should return them as soon as possible.

"The world knows that the shop stewards at East Kilbride, plus the Tribune Group, are continuing their vendetta against Chile and frightening the Government into not sending them *back," he said.*

Mr. Edmund Dell, Trade Secre*tary, promised* a decision on whether to grant an export licence for the return of the engines "in due course."

He confirmed that an applica*tion for an export licence had* been received. The Government's responsibility in considering that matter was a separate issue from the court decision.

Mr. Eric Heffer (Lab., Walton) said that most Labour MPs would argue that because of the undemocratic nature of the Pinochet regime in Chile, which was *basically Fascist because it* overthrew a democratic Government, "we are perfectly happy with the action of the workers."

Mr. Dell replied: "The Government, *as well as the workers,* have to obey the law in this country."

Mr. Norman Tebbitt (C., Chingford) wondered whether it was *Government policy to refuse* export licences for aero-engines to anti-democratic regimes which had achieved power through revolution.

"*If so, there will be an awful* shortage of jobs in the aeroengine industry," he said.

Mr. Dell replied that the Government had not refused the *application for an export licence.*

New Minister for immigration

DR. SHIRLEY SUMMERSKILL *has been relieved of her duties* as junior Home Office Minister responsible for immigration following a protest by MPs.

Although she claimed last *night that it was just a "reallo*cation of duties," Mr. Sidney Bidwell, Labour MP for Southall, said that the move followed comlaints that Dr. Summerskill had not shown the "*compassionate consideration*" on immigration cases of her predecessor, Mr. Alex Lyon.

MPs learnt of the change when they 'phoned Dr. Summerskill and were told that *immigration* problems were now being handled by Mr. Brynmor John, Minister of State, in charge of race relations.

THE JOBS COLUMN

How electronics pose two-way test of honesty

BY MICHAEL DIXON

IT COMES in a spruce pigskin case measuring about three feet by two feet by nine inches, and weighing some 25 lb. You could buy it for around £4,000.

It is evidently the latest word in lie detectors. And Communication Control Systems of the U.S., which is to introduce the Voice Stress Analyzer to the British market at a London seminar next Tuesday, expects it to find growing use not only in criminal investigations, but also in more normal inquiries including job interviews.

The new machine does not have to be wired to the person being tested, as do the earlier devices which rely on physiological factors such as skin reaction to measure a human being's relative agitation when answering particular questions.

All you do is record the person's replies, either directly on the VSA or on a standard cassette tape recorder for analyisis later.

Nor do you need a trained specialist to interpret the machine's judgments. A normally intelligent person can apparently learn in a single day to operate the VSA, which throws up a running commentary of its findings on a built-in display and at the touch of a button prints any required reading on a paper tape for subsequent study.

When I went to see the device the other day, I was looking forward to taking it on. My only doubt was whether, if I managed to deceive it, I would be wise to tell anybody.

But Communication Control Systems declined to give me a personal trial. The reason, they said, was that "this is not a toy."

Correct use should ideally start with a pre-test interview designed to assuage any incidental causes of stress which might affect the subject's answers to the interviewer's inquiries. Then the subject should be handed a written list of the questions to be asked, for study before they are posed verbally and recorded along with the verbal replies for the analysis.

Stress

The idea is that the subject will see beforehand when there are questions which he or she will be anxious about answering. By the time these are put verbally, the person will have built up considerable stress about them.

This stress will be reflected, the theory goes, by a change in the subject's voice at the extreme range of tone which, like normal breathing, is governed by the part of the nervous system over which a *person has no voluntary control. The change, although inaudible to human beings, is detected and measured by the electronic VSA.*

It makes the measurement against a standard which is set for each subject by first asking control questions—like "is your name Nathan Leatherbarrow?"—and adjusting the device so that it measures the necessarily truthful answers within a low range of scores, say 15 to 35, on the digital display. Then when the questioning becomes investigatory, the stress which Communication Control Systems believes is associated with lying will be shown by a markedly higher reading of, say, 45 upwards.

Given that the list of questions will test the same point in several ways, the company says that consistently high readings for answers on that point may be taken as at least *prima facie* evidence that the subject is lying about it.

Now, I have shown the foregoing description of the SA to three other people. In every case their initial reaction was much the same as my own. They felt it would be wrong to use such a device in everyday procedures such as job interviews. But they were unable immediately to say why.

After all, one can hardly object on simple moral grounds to people's having an electronically sharpened judgment of whether or not they are *being told the truth.*

Unlike my three colleagues, however, I have had a day or two to think about the matter, and feel that I can now justify my misgivings.

Let it be clear right away that I have no doubt that the machine has been researched, developed, manufactured and marketed in all good faith by the expert staff of Communication Control Systems. But there is a crucial difference between the experts who produce such a device, and the lay men and women who may use it in practice.

Theories

When decisions are to be made about other human beings, I think that nobody should rely on the judgments of a machine without first knowing beyond reasonable doubt why the machine is reliable. That implies understanding of the pros and cons of the electronic and behavioural theories on which the VSA is based.

The fact that irrefutably qualified experts believe in these theories is surely not enough to justify a layperson in relying on the device. For example, common sense indicates that one can often find it more stressful to admit some discomfiting truth than to tell a lie. Unless the user can personally understand how the machine is able to distinguish between possibly different causes of the vocal stress measured on the digital display, its use can hardly be justified.

To my mind, the only substitute for this detailed understanding as a basis for using the device, is for the potential user to undergo a personal test and see for himself whether the machine can detect the lies *sprinkled among his answers.*

The fact that the machine had worked with adequate accuracy in one's own case would, I think, be sufficient practical grounds for taking into account its judgment of others. But there is a problem.

As the company said, the VSA is not a toy. Even the experts would not rely on it, I was told, unless the test questions were inquiring into matters which *the subject might really* be anxious to keep secret. So a personal test is certainly not something that could be carried out in public at next week's seminar in the Inn on the Park.

Indeed, seeing the sort of issues that had to be inquired about, even a keen potential buyer might have qualms about being tested in private. But without undergoing a personal examination, nobody who lacks detailed understanding of the device and its theoretical basis would in my view be justified in using it on anyone else.

But satisfaction of either the personal-test or the detailed-knowledge criteria would not be enough by itself to put an end to the moral issue. The reason is that the device could be used to analyse people's voices recorded without their knowledge, perhaps over the telephone.

Immoral

To use the VSA in that way would not only increase the risk of unreliable findings—from what the company told me, its claims of accuracy are based on the frank and open use of the machine as outlined earlier. Clandestine application would also be morally reprehensible.

It seems to me an absolutely necessary condition of honest reliance on such a machine that the user would be willing to change roles with the subject and submit to a similar test vice versa. Integrity begins at home.

The best fate that I would wish anyone who used this or any similar machine undercover, is that it would show every subject to be lying about everything. Clandestine users could not then avoid looking in their own character for the reasons why they were not being told the truth.

CHIEF MANAGEMENT ACCOUNTANT
Derbyshire

TI Chesterfield, a highly successful company within the progressive TI Group, manufacture and market a wide range of gas cylinders, tubes, extruded products and industrial silencers. The sites at Chesterfield and Walsall employ a total of 2,000 people and the annual turnover is in excess of £30m.

Reporting to the Financial Director, the duties of this interesting and very responsible post will be the maintenance and development of an effective management accounting service to the General Managers; the management of the Cost Department; the provision of a comprehensive management accounting service; budgeting; short term forecasting and monitoring to the five divisions within the Company.

The tact and practical ability to oversee the work of senior staff is an essential attribute.

This post requires a qualified Management Accountant of considerable professional experience and expertise who has a complete understanding of production, engineering and development and marketing preferably obtained in a heavy engineering environment.

We are offering good terms and conditions and a first class career for a self motivated professional.

Applicants, male/female, should write to:

Geoffry Allen, Personnel Manager,
TI Chesterfield Limited,
Derby Road, Chesterfield,
Derbyshire S40 2EA.

TI CHESTERFIELD
A member of the TI Steel Tube Division

Executive Search

Because of continued growth, MSL, one of the world's leading management consultancies, operating in twenty countries, wish to appoint additional experienced consultants to their Executive Search Company in the U.K.

Salary and benefits will match the best practice in the profession.

Please write – in confidence – with brief details to T. E. Platt reference B.45142.

These appointments are open to men and women.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Lancashire
County Council

The County Council is strengthening its role in promotional industrial development in Lancashire and is seeking an

INDUSTRIAL PROMOTION
and
LIAISON OFFICER

Salary £7,548-£8,172 plus supplements of £312 and £208 p.a.

to be responsible for the operation and development of this important aspect of the Authority's work aimed at promoting a realistic and modern image of Lancashire in a cohesive and concerted way and projecting that image both at home and abroad, with the object of "selling" Lancashire to industrialists as a County with outstanding advantages for industrial and commercial expansion.

This is a challenging post for someone who can bring the right degree of flair and enterprise to this work. The successful candidate should have experience in the sphere of business finance or industrial promotion and marketing in at least one of the relevant fields of industry, commerce local or central government.

Further particulars and application form, returnable by 3rd July 1978, from the Chief Executive/Clerk, Lancashire County Council, County Hall, Preston PR1 8XJ quoting reference 72/355. Tel. 0772 54868, Ext. 547.

THE BAXTER FELL GROUP

A wholly-owned subsidiary of the
Dutch-German Group
ESTEL

Wish to appoint a Company Secretary who will be responsible to the Deputy Chairman for the Legal, Secretarial, Administrative and Personnel matters of the Group, and be a member of the Management Team.

Applications are invited from those professionally qualified or possessing a suitable degree, backed by actual experience in company matters.

The age range preferred is 30-35.

The starting salary will not be less than £7,500 and a company car will be provided.

Good company pension scheme and BUPA cover. Resettlement allowance payable if necessary.

The Baxter Fell Group has interests in Steel, Shipping and Warehousing and Retail Display Manufacture.

Please send full career details to:
K. H. Baker, Deputy Chairman,
BAXTER, FELL & CO. LIMITED,
Carrier House, Warwick Row,
London, SW1E 5ER.

GRIEVESON, GRANT & CO.

have a vacancy for a

MINING ANALYST

to contribute to their expanding research and dealing service in Australian, African and American mining stocks.

Previous experience of this sector is desirable.

Enthusiasm and curiosity are essential.

Excellent prospects for the right person and salary will be negotiable.

Please apply, in confidence, to the Staff Partner,
Grieveson, Grant & Co., P.O. Box 191,
59 Gresham Street, London EC2P 2DS.

HARTWELLS GROUP LIMITED
FINANCIAL CONTROLLER
OXFORD SALARY over £10,000 + Car

Hartwells Group Limited, a public company which is engaged in the distribution of Motor Vehicles and Bulk Fuel Oil with a turnover currently running in excess of £84 million, seek a highly competent accountant for the above position with a view to promotion to Company Secretary within two years.

Candidates, male or female, should be qualified accountants in their mid-thirties with careers including an appointment of comparable seniority with substantial experience of financial planning and control. Experience in the preparation of Statutory Accounts, Pension Fund administration, Computer based systems and budgeting and forecasting techniques is also highly desirable. As a member of a small executive team candidates must be self motivating and able to demonstrate their ability to play an effective role in a job demanding wide flexibility.

Applications, in writing, should give full details of qualifications and experience and be addressed, under confidential cover, to:

P. C. Barrett, Secretary
HARTWELLS GROUP LIMITED
Seacourt Tower
West Way, Oxford OX2 0JP

BANK SADERAT IRAN,
LONDON

SENIOR DEPOSIT DEALER

An experienced dealer is required to join an expanding trading room, who will be responsible for heading up the money market section which maintains active books in the major currencies including sterling. The successful candidate is unlikely to have less than five years' experience and must have a good knowledge of all related markets including C/Ds and arbitrage.

The successful applicant will be offered a comprehensive remunerative package in keeping with this important position.

Applications, which will be treated in the strictest confidence, should be forwarded to:

Mr. I. Bahmaie,
Bank Saderat Iran,
5 Lothbury,
London EC2R 7HD.

CLOVER LEAF GROUP

FINANCIAL DIRECTOR

Clover Leaf, a rapidly expanding group of privately owned companies, market leaders in the Giftware Industry, manufacturing a wide range of quality table mats and kitchen accessories, sold internationally, wish to appoint a Financial Director to their group board.

Reporting to the Chief Executive, the Financial Director will have responsibility for development and implementing policies relating to the financial, accounting and computer activities of the group, including profit planning, cash management, tax problems, short and long-term financial activities, acquisitions and banking relationships.

The successful candidate will have outstanding leadership skills and be capable of operating as part of a small tightly knit team. A Chartered Accountant with experience in manufacturing, preferably a graduate, and a thorough background in accounting and finance are essential—age probably late thirties or early forties.

Remuneration, which will reflect the importance of the position will be by negotiation, but will be in five figures, plus bonus and normal fringe benefits, including a company car. The appointment is open to both men and women.

Please write with full career details to:
Chief Executive,
Clover Leaf Group,
Cheney Manor,
Swindon, Wilts. SN2 2PN.

FINANCIAL CONTROLLER
COMMODITY TRADING

★ British subsidiary of American international trading group is looking for a Chartered or Certified Accountant to act as financial controller and administrator. The Company is a ring-dealing member of the L.M.E. and also has a large physical business.

★ Applicants should preferably be between 35 and 55, must have considerable experience in international commodity trading, and be familiar with futures markets operations and related accounting procedures and computer control.

★ Additionally, a detailed knowledge of British tax law and sound administrative experience will ensure that the chosen applicant will be able to take an early place in the senior management of the company.

★ An attractive salary will be paid, which will be supplemented by an annual bonus. The company operates a contributory pension scheme.

★ Applicants should mark the envelope "Private and Confidential" and write to.

The Managing Director
LONCONEX LIMITED
29, Mincing Lane, London EC3R 7EU

PUBLIC COMPANY
ACCOUNTANT
SALARY NEGOTIABLE + CAR
(STAFFORDSHIRE)
(MAIN BOARD POTENTIAL)

A medium sized public group of companies requires a qualified accountant, ACA, ACCA, ACMA, for the above position based at the Head Office in Staffordshire.

Duties will include the preparation and supervision of Group accounts and forecasts and an ability to make a positive contribution to the general management of the Group.

The successful applicant will be aged around 30 with excellent industrial experience and must be a self starter with Board potential, which should be achieved within a short period of time.

Salary will not be an inhibitive factor in this appointment and the general conditions of employment include 4 weeks holiday, contributory pension scheme with free life cover, etc.

Please reply with full details, including present salary to:

THE GROUP FINANCIAL DIRECTOR
Box A6390, Financial Times, 10 Cannon Street, EC4P 4BY.

TEXTILE COMPANY
Due to expansion we are looking for

Works Manager—with extensive experience of textile printing, to be responsible for production and labour. Must have proven ability in management, industrial relations, production budgets. Able to maintain high standards of work.

Administrative Manager—to be responsible for the total administration of the company. Must have wide management experience involving financial control of company resources, formation and implementation of budgetry control systems.

These appointments are open to both men and women.

Applications and curriculum vitae to Box A.6391, Financial Times, 10, Cannon Street, EC4P 4BY.

BANK APPOINTMENTS

CREDIT ANALYST
£6,000-£7,000
International syndication loans, U.S. Banking exp. and advantage. Age 28-32.

LOANS ADMINISTRATION
£5,500 neg.
All aspects of this work -- Euro Dollar exp Age 25-30

EARLY RETIRED BANK MANAGER
£5,000 Age. 50

INTERNAL AUDIT PERSON
£5,000
Previous bank audit exp. or P/Q A.C.C.A.

FOR THESE AND MANY OTHERS CALL
DELLA FRANKLIN or SHELIA ANKETELL-JONES
01-248 6071 or 236 0691
ALANGATE EMPLOYMENT AGENCY

CIVIL ENGINEER
—£14,000

MECH./ELECT. ENGINEER
—£14,000

Immediate contract/career opportunity for qualified individuals with minimum seven years' field experience in building construction. Must be registered engineers. Immediate posting to Kuwait for two years on prestige project. Married status possible.

Qualified applicants should contact Mr. John Loyd at 01-499 8260.

THE ISLE OF MAN
CIVIL SERVICE

Applications are invited from recent honours graduates in economics for the post of Economist on the staff of the *economic section of the Treasury.*

The post is permanent and pensionable on a non-contributory basis (save for deductions of 1% towards family benefits) and has a salary scale of £3,642 to £4,579 per annum.

The successful applicant will be concerned with the collection, collation and evaluation of information about the various forms of economic activity in the Island and the maintenance of an Index of Retail Prices.

Applications stating full name, address, date of birth, educational qualifications and experience should be submitted together with the names and addresses of two referees, to

THE SECRETARY, CIVIL SERVICE COMMISSION
GOVERNMENT OFFICES, DOUGLAS
by the 14th July, 1978

هكذا من الأحل

Managing Director Designate

North East
To £28,000 and car

Our client, a public group of companies, is involved in anti-corrosion coatings and treatments throughout the U.K. and Middle East.

Due to internal promotion they seek a Managing Director Designate capable of controlling and directing their contracting group of companies and responsible to the main Board.

The successful candidate will be analytically inclined, tough minded but mature in understanding, a mechanical or civil engineer probably from the contracting industry.

The overall remuneration package will include a basic salary of around £16,000 plus profit share and usual benefits including good prospects of advancement to the holding board.

Applications are invited from men and women preferred age 35/45 accompanied by a curriculum vitae quoting reference 3217 FT.

Brian S. B. Saltzer
Managing Director

West One Selection
Recruitment Selection Consultants
Cables: Wosel, London W1. Telex 23824 Licence No SE(A)829
24/25 Dryden Chambers, 119 Oxford Street, London W1R 1PB, 01-439 2336

Managing Director
£25,000

Outstanding opportunity exists within a leading international engineering group for a Business Manager of above average ability to be responsible for the profitable development of large world wide turnkey projects Company. The appointed person—dynamic and thoroughly professional—will be expected to maximise growth opportunities and will be given all necessary support and authority to produce required results.

Essential qualifications will be
- degree or equivalent in engineering
- strong market orientated business sense and good negotiating ability
- good track record of achievements in a contracting based industry
- ability to deploy human and financial resources effectively and to grasp and synthesise economic and technical concepts with ease

This is a key appointment based in London offering salary and benefits which will be negotiable with the right person.

Write or telephone in strictest confidence quoting reference 1466

Business Executive Technical Appointments
10 St. James's Place, London, SW1 - Telephone: 01-629 6074

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

BUSINESS DEVELOPMENT — MONEY MARKET
FRN & CD TRADING/SALES

Our client, a London international merchant bank wholly-owned by a major American bank, is searching for an experienced Trader/Salesperson to fill a challenging new position.

Applications are invited from candidates with four to five years experience of trading in CDs & FRNs, coupled with extensive and proven contacts in the commercial world.

The successful candidate must be capable of developing his/her own market, and will find that the considerable demand and challenge of this appointment will be amply matched by the rewards.

To discuss this position in confidence, please telephone
MIKE POPE or KEN ANDERSON

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

U.S. Equity Dealer

We require a Dealer with thorough knowledge of the U.S. equity market to head our Trading Department (two assistants). You would have primary responsibility for supervising all transactions. In addition, you would be required to familiarise yourself with the firm's extensive research product and maintain a current contact with your counterparts at Institutions throughout the U.K and continental Europe. You would also be active in developing new areas of activity for the firm. The job would command a competitive remuneration package with substantial incentives for performance. Applications in confidence to N. K. Siegel, Managing Director.

Oppenheimer & Co. Ltd.
Portland House, 72-73 Basinghall Street, London EC2 V5DP

Chief Accountant

We are a light engineering company in N.W. London and require a Chartered Accountant, preferably aged 30-35. Reporting to the Administration Director, the successful applicant will be responsible for the overall co-ordination of budgets and forecasts, preparation of annual and periodic interim accounts, and the control of a support team of about 50 staff.

The most suitable man or woman will have at least 3 years' experience in a manufacturing company and will have a comprehensive knowledge of all elements of general accounting, with particular regard to budgeting, costing and computer based accounting. An attractive salary will be offered and there is a good contributory pension scheme, BUPA benefits and subsidised staff restaurant.

Applications should be sent to:
Personnel Manager,
Landis & Gyr Limited. Elgee Works, Victoria Road. North Acton, London W3 6BR.

LANDIS & GYR

Financial Controller
c£15,000 + car

A specialised light manufacturing company seeks a Financial Controller for their operations in Southern England which are mainly over 50 miles from London. The new man or woman is expected to take up the position before 1979 after a familiarisation visit to the corporate headquarters in the United States.

Responsibility is to be direct to the Controller in USA for all financial and data processing aspects of UK operations with a turnover at present in excess of $25M. There are tight reporting deadlines and the job has the scope to demonstrate ability in UK and US terms. Future prospects depend upon performance.

This appointment will suit qualified accountants with practical experience in the electrical, electronic or light engineering sectors of industry at some stage of their career. Chartered Accountants aged around 35 to 45 with recent appropriate industrial experience may have an advantage.

Initial salary is negotiable around £15,000. A car is provided in addition to normal fringe benefits. The successful applicant must be prepared to move near the main plant in a very pleasant part of England and appropriate relocation expenses are to be paid.

Candidates, male or female, should write in confidence for a personal history form quoting reference MCS/3698 to Roland Orr, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

NORTH AFRICA — £15,000 AFTER TAX

PROJECT FINANCIAL CONTROLLER

An international construction and civil engineering company now working on projects in the Middle East and North Africa wishes to appoint a Financial Controller for a large project started in Libya. The project will last several years.

The Financial Controller will be responsible to the Project Manager for all financial and management accounting activities, for establishing controls of costs and cash flows and for the development of systems. The successful applicant will have a professional qualification, probably be not less than 36 years of age, with at least eight years' industrial experience, preferably including three in civil or heavy engineering contracting. He must understand the attitudes of people of different nationalities and be able to deal with them patiently but firmly. Fluent English essential. Some knowledge of Arabic or another Mediterranean language would be useful.

The company provides furnished married or bachelor accommodation and transport. Recreational facilities are available and the climate is good.

Please reply, in strictest confidence, to A. B. MacColl, 35 Wellington Square, London, SW3 4NR and state how your experience and ability would match the requirements stated above.

International Banking

Amongst a comprehensive portfolio of career opportunities, the following are particularly urgent:—

Foreign Securities to £4,500
Medium sized Consortium: demands all-round experience but with accent on valuations.

Credit Analysis c. £4,250
Small U.S. Bank: chance to build on introduction to analysis or extensive Loans admin. experience.

Foreign Exchange (2) c. £3,500
Both with small American Banks who offer genuine prospects in return for approx. 1 year's experience.

Please telephone either John Chiverton, A.I.B. or Trevor Williams . . . . . . on 405 7711.

David White Associates Ltd.
Hampden House, 84, Kingsway, London, W.C.2.

EXPORT SALES MANAGER

W.B.B. & Co. Ltd., producers of china clays and ball clays for the world's ceramic and other industries, invite detailed written applications for this post directly responsible to the marketing director.

Commercial training and experience, ceramic or scientific knowledge, and languages are prefered qualities. Extensive European travel after acclimatisation.

WATTS, BLAKE, BEARNE & CO. LTD.,
Newton Abbot, Devon
TQ12 4PS

Export Finance
the City

A major international bank invites applications for the position of Head of Export Finance in its London Branch located in the City. Major responsibilities include the development and implementation of Government-backed export finance programmes for the United Kingdom, and the solicitation and structuring of ECGD backed loans.

Qualified candidates, in their mid to late 30s, will have experience with ECGD buyer and supplier credit programmes, a knowledge of international credit and business development procedures and preferably some knowledge of project finance techniques.

Salary will reflect the senior nature of this appointment. Other benefits are in line with best banking practice and include a company car, favourable loan facilities and a non-contributory pension scheme.

Ref: S3701/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details (including salary progression to date), not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

A member of PA International

Reed Executive
The Specialists in Executive and Management Selection

Financial Director

Yorkshire c £10,000 + car + benefits

Our client is an expanding autonomous subsidiary of an American parent operating in the Machine Tool and Foundry Industries. The person appointed to this key position will report to the Managing Director and be responsible for all accounting, data processing, secretarial and purchasing functions in addition to playing an important role in the management of the Company. Applicants should be qualified accountants who have previous relevant industrial experience at a senior level. Longer term career progression could move more towards general management. Conditions of employment are good and relocation expenses are available.

Telephone 0532 459181 (24 hr. service) quoting Ref: 3275/FT. Reed Executive Selection Limited, 24-28 Lands Lane, Leeds LS1 6LB.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

ASSISTANT ACCOUNTANT

City Commodity Brokers require a Qualified Assistant Accountant to work in their computerised accounts department. Previous experience in commodities desirable but not essential. Salary £7,000 p.a. plus annual bonus.

Write Box A.6393.
Financial Times.
10. Cannon Street. EC4P 4BY

ART GALLERIES

BROTHERTON GALLERY — WATER-COLOUR SKETCHES BY CHARLES ROWBOTHAM (1858-1921). Until 30th June. Mon.-Fri 9.30-5 30 Weds. 7 Sats. 12.30. 77 Walton Street, S.W.3 589 6848

AGNEW GALLERY, 43, Old Bond St. W.1 01-629 6176. OLD MASTER PAINTINGS. *Until 28 July. Mon.-Fri.* 9 30-5.30. Thurs. until 7.

BROWSE & DARBY, 19 Cork St., W.1 FORAIN. *Mon.-Fri. 10.00-5.30. Sat.* 10.00-12.30.

DAVID CARRITT LIMITED, 15 Duke St. St. James's. S.W.1 *18TH CENTURY* FRENCH PAINTINGS, DRAWINGS AND SCULPTURE. Until 7 July. Mon.-Fri. 10-5

GILBERT PARR GALLERY, 285, King's Road, Chelsea, S W 3 NORAH GLOVER —RECENT PAINTINGS Until June 24. Open Tues.-Sat. 9.30-5.30

OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES. 40. Albemarle Street. Piccadilly, W.1.

THE PARKER GALLERY, 2 Albemarle Street, Piccadilly. W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ships models.

J.P.L. FINE ARTS, 24 Davies Street, W.1. 01-493 2630. CAMILLE PISSARRO drawings, watercolours. June 1-July 6. Mon.-Fri. 10-6.

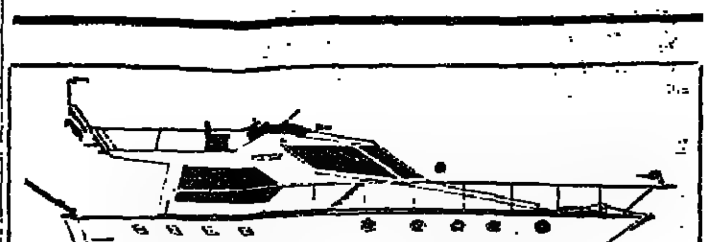
BLOND FINE ART LTD., 33 Sackville Street, W.1. 01-437 1230. Bernard Meninsky—Paintings. Gouaches. Until *15th July. Weekdays 10-6 p.m. Sats.* 10-1 p.m.

CLUBS

EVE, 189, Regent Street. 734 0557 A la Carte or All-in Menu. Three Spectacular *Floor Shows 10.45, 12.45 and 1.45 and* music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1.
NEW STRIPTEASE FLOORSHOW
THE GREAT BRITISH STRIP
Show at Midnight and 1 a.m.
Mon.-Fri. Closed Saturdays. 01-437 6455.

PERSONAL



SUPER LUXURY MOTOR YACHTS
in the St. Katharine's Yacht Marina in the
CITY of LONDON 21st - 23rd JUNE

JCL Marine of Norfolk are pleased to present a selection of their high performance, super luxury motor yachts priced from £59,000 to £140,000 in St. Katharine's Yacht Marina, 52, St. Katharine's Way, LONDON, E.1, from Thursday 22nd June until Friday 23rd June inclusive 10 a.m.-8 p.m. daily. Demonstrations by arrangement. Five Year Yacht Mortgages available. All visitors welcome *or send for information to:—*

JCL MARINE, Brundall Gardens, Norwich, Norfolk.
Tel: 0603 714141 Telex 97286

LEGAL NOTICES

No. 24 of 1978

In the HIGH COURT OF JUSTICE *Chancery Division Liverpool* District Registry Group "A." In the Matter of R. AND S. REFLEX LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named *Company by the* High Court of Justice was on the 8th day of June 1978, presented to the said Court by ALEX LAWRIE FACTORS LIMITED whose Registered Office is situate at Beaumont House, Beaumont Road, Banbury, OX16 7RN in the County of Oxford, *and that the said Petition* is directed to be heard before the Court sitting at the Courts of Justice, St. George's Hall, William Brown Street, Liverpool 1 in the Metropolitan County of *Merseyside* on the 30th day of June 1978, and any creditor or contributory of the said *Company desirous to support* or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Com*pany requiring such copy on payment of* the regulated charge for the same.

BERMANS,
Trident House,
31/33 Dale Street,
Liverpool L2 2NS.

NOTE.—Any person who *intends* to appear on the hearing of the said Petition must serve on or send by post to the *above-named* notice *in writing of his* intentions so to do. The notice must state the name and address of the person or, if a firm, the name and address of the firm, and must be signed by the person, or firm, or his or their Solicitors (if any) and must be served, or if posted, must be sent by post in sufficient time *to* reach the above-named not later than four o'clock in the afternoon of the *29th day of June 1978.*

No. 001802 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MINITRONICS *INTER*NATIONAL LIMITED and in the Matter of The Companies Act. 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of *Justice was on the* 13th day of June 1978, presented to the said Court by R.S. COMPONENTS LIMITED, whose registered office is situate at 13-17, Epworth Street, London, EC2P 2HA, suppliers of Electronic Components, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 17th day of July 1978, and any creditor or contributory *of the* said Company desirous to support or oppose the making of an Order on the *said Petition may appear at the time of* hearing, in person or by his counsel, for that purpose; and a copy of the *Petition will be furnished by the* undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same

DEVONSHIRE & CO.,
Salisbury House,
London Wall,
London, EC2M 5QY.
Ref: WAR
Tel: 01-628 1578.
Solicitors for the Petitioner.

NOTE.—Any person who intends to *appear on the hearing of the said Petition* must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to *reach the above-named not later than* four o'clock in the afternoon of the 14th day of July 1978.

No 001597 of 1978

In the *HIGH COURT OF JUSTICE* Chancery Division Companies Court In the Matter of MINEHEAD INVESTMENTS LIMITED *and in the Matter of* THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 14th day of June 1978 presented to the said Court by CALLINGHAM CRANE & CO (a firm) of 14 Finsbury Square, London EC2A 1PT, and that the said Petition is directed to be heard before the *Court sitting at the* Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day *of July* 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of *hearing in person or by his Counsel for* that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

RUBINSTEIN CALLINGHAM,
6 Raymond Buildings,
Gray's Inn,
London. WC1R 5BZ.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the *above-named,* notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and *must* be signed by the person or firm, or his or their solicitor (if any), and must be served or, if *posted, must be sent* by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July 1978.

No. 001760 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of AGROSTIS IMPORT EXPORT LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN, that a *Petition for the Winding up of the* above-named Company by the High Court of Justice was on the 2nd day of June 1978 presented to the said *Court by* SCOTT PARFUMS (SALES) LIMITED whose registered office is situate at 18 Cavendish Square, London, W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 3rd day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any *creditor* or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

PHILIP ROSS,
77, Wimpole Street,
London, W1A 3RQ.
Ref: S.
Tel.: 01-935 0151.
Solicitors for the Petitioner

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, *or, if a firm, the name and address of* the firm, and must be signed by the person or firm, or his or their solicitor *(if any)*, and must be *served* or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of June 1978.

COMPANY NOTICES

ITO-YOKADO CO., LTD.
(CDRs)

Referring to the advertisement of 14th February 1978 the undersigned announces that the new shares from 10% bonus have been received. As from July 3, 1978 the new CDRs Ito-Yokado Co., Ltd. cum div.cp.no. 8 *and talon will be gratuitously obtain*able at Kas-Associatie N.V., Spuistraat 172, Amsterdam, against delivery of the required div.cps.no 6. As to the outstanding CDRs of resp. 5, 50 and 100 Dep.Shs of 10 shs each, a holder of 10 CDRs of the same denomination is entitled to receive one new CDR of that denomination.

Combination of denominations is possible.

In Luxembourg div.cps.no. 6 can be delivered at Banque Generale du Luxembourg S.A., 14, Rue Aldringen, for this purpose.

After August 31, 1978 the equivalent of the CDRs which have not been *claimed by the holders of div.cps.no. 6* will be sold. The proceeds after deduction of expenses, will be held in cash at the disposal of said holders.

Further the undersigned announces that as from June 26, 1978 at Kas-Associatie N.V. in Amsterdam and at Banque Generale du Luxembourg S.A. in Luxembourg div.cps.no 7 (accompanied by an "Affidavit") of the CDRs Ito-Yokado Co., Ltd. will be payable with US $2.89 per CDR, repr. 5 Dep.Shs of 10 shs each; $28.90 per *CDR, repr. 50 Dep.Shs of 10 shs each* and $57.80 per CDR, repr. 100 Dep.Shs of 10 shs each.

(Div. per record-date 28.2.78; gross Yen 15.- p.sh.) *after deduction of 15%* Japanese tax = Yen 112.50 = $-.50 per CDR repr. 5 Dep.Shs of 10 shs each. Yen 1125.- = $5.- per CDR repr. 50 Dep.Shs of 10 shs each. Yen 2250.- = $10.- per CDR repr. 100 Dep.Shs of 10 shs each.

Without an Affidavit 20% Jap.tax (= Yen 150 = $-.67 per CDR, repr. 5 Dep.Shs of 10 shs each; Yen 1500.- = $6.70 per CDR, repr. 50 Dep.Shs of 10 shs each; Yen 3000.- = $13.40 per CDR, repr. 100 Dep.Shs of 10 shs each) will be deducted.

After 28.9.78 the div. will only be paid under deduction of 20% Jap.tax with resp. $2.72; $27.20 and $54.40 *per CDR repr. resp. 5, 50 and 100* Dep.Shs. in accordance with the Japanese tax regulations.

Amsterdam, 13th June, 1978.

AMSTERDAM DEPOSITARY COMPANY N.V.

INTERCOM
Societe Intercommunale Belge de Gaz et d'Electricite
Société anonyme
Registered Office Place due Trône 1, Brussels

CAPITAL INCREASE 1978
RESULTS OF THE OFFER FOR PUBLIC SUBSCRIPTION

The offer for public subscription of the 3 422,400 new shares of no par value (reserved in the proportion of 3,386,400 to holders of the 16,932,000 old shares and 36,000 to the members of the staff according to the decisions of the extra-ordinary general meeting of shareholders of 2nd May 1978) has been closed on 7th June 1978.

The 36.000 shares reserved to the members of the staff have been fully *subscribed*

On the 3,386,400 shares reserved to old shareholders, 3,229,412 shares have been subscribed without delivery of *fractional shares, i.e. 95.36%.*

The 784,940 preference rights not exercised which would have enabled to subscribe the 156,988 complementary *new shares, will be sold under the* form of scrip certificates, on Wednesday 21st June 1978 in the proportion of 649,940 on the Brussels Stock Exchange and of 114,000 on the Antwerp Stock Exchange, and on Thursday 22nd June 1978 in the proportion of 21,000 on the Luxembourg Stock Exchange.

These scrip certificates will allow to subscribe at the price of BF 1,500 per share fully payable at the moment of *the subscription,* one new share for five subscription rights. They ought to be presented for the complementary subscriptions not later than 29th June 1978 at the pay-offices of the Societe Generale de Banque, Banque Bruxelles Lambert, Banque de Paris et des Pays-Bas Belgique, Banque Belge pour L'Industrie, Banque Degroof, Kredietbank and Banque Nagelmackers, where prospectus and forms of subscription may be obtained.

The scrip certificates will lose any value and power after the 29th June 1978.

GATH & CHAVES LIMITED
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gath & Chaves Limited will be held at 23 Fenchurch Street, London EC3P 3ED on Friday, 14th July, 1978 at 3 p.m. for the following *purposes:*

To receive the accounts for the year ended 31st August, 1977, with the relative reports of the Directors and Auditors.
To re-elect Directors.
To re-appoint Arthur Andersen & Co. as Auditors.
To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.
To transact any other ordinary business of the company.

By order of the Board
M. R. C. LOMAX
Secretary.

Registered Office
23 Fenchurch Street,
London EC3P 3ED.
19 June 1978.

Notes:
1. A bearer of a share warrant is not entitled to attend or vote at the above mentioned meeting unless he deposits the warrant relating to the shares in respect of which he proposes to vote at the Registered Office of the Company, 23 Fenchurch Street, London EC3P 3ED, not later than two clear days before meeting.
2. The Company will deliver to any bearer *depositing his share warrant as mentioned in Note 1 above* a receipt stating his name, address and the number of shares represented by such share warrant and such receipt shall entitle him to attend and vote in person or by proxy at the above mentioned meeting.
3. Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

JARDINE, MATHESON AND CO. LTD.
WARRANTS

Notice to Holders of outstanding Warrants *to subscribe for stock units of HKD5.00* each of Jardine Matheson and Co. Limited issued by the Bank of Bermuda as Depositary on 15th November 1971

Notice is hereby given that as from 29th April 1978 and until further notice the subscription price that will be applied in calculating the number of stock units to be issued to a Holder upon exercise of his Warrant will be reduced *from HKD7.50* to HKD7.40.

By Order of the Board,
K. W. YOUNG,
Company Secretary.

INTERNATIONAL PACIFIC SECURITIES TRUST

The Managers of the Trust announce that on the basis of the net asset value at 14th June, 1978, the dealing prices per unit on that date would have been *Dlr 11.63 bid and Dlr 12.28 offered. The* first dealing day is 30th June, 1978.

Jardine Fleming and Company Limited, Hong Kong representative of the Managers, *Jardine Fleming International Ltd*

ASSOCIATED BRITISH FOODS LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 20th June 1978 to 14th July 1978, both dates inclusive.

By Order of the Board,
T. H. M. SHAW,
Secretary.

Weston Centre,
40 Berkeley Square,
London W1X 6BR.
20th June 1978

PUBLIC NOTICES

GREATER LONDON BILLS

£25m. Bills issued 15.6.78 maturing *14.9.78 at 9.33%. Total application* £116.5m. Bills outstanding £60m.

EXHIBITIONS

GROSVENOR HOUSE ANTIQUES FAIR, Park Lane, W1. Until 24 June 11.00 am to 7.30 pm Admission £1.50 *including* illustrated handbook.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Could replace the liquid crystal

DEVELOPED to the prototype stage at Laboratoire d'Electronique et de Technologie de l'Informatique (LETI) is an alpha-numeric display system that could compete with liquid crystals for use in measuring instruments, clocks and watches.

Although details have not been released about probable cost—it is described as "low"—the display, which works on electrolytic principles, suffers from very little loss of contrast with increased viewing angle from the normal, can operate over a temperature range of −25 to +60 deg C, and requires only one volt for operation.

It consists of a sandwich of two thin sheets of glass separated by a few hundred microns of electrolyte consisting of silver and sodium iodides in organic solvents. The underside of the top sheet is the active electrode and consists of a thin film of conducting oxide laid down in the shape of seven segment character bars. The other electrode is a thin layer of silver.

An interesting characteristic of the cell is that within 200 milliseconds of the application of a negative voltage to any of the defined areas on the top electrode sufficient silver is deposited by electrolytic action to give a 50 per cent light transmission reduction; the character appears as a deep reddish brown on a light background. After this, the voltage can be removed and the character remains. Application of a positive voltage results in erasure in about the same time.

A drawback is that there is no threshold effect (silver starts to be laid down as soon as the voltage is applied) so that the device cannot be multiplexed. The memory effect is also of limited duration so that driving circuits must be able to erase and re-enter the data, if necessary, at the end of this period. Power consumption for ten minutes character life is in the hundreds of microwatts region and devices have been successfully cycled ten million times.

More from the company at CEN-G 85X, 38041 Grenoble Cedex, France.

● PROCESSES

Pictures will stay sharp

ALTHOUGH intended primarily for use with its new series of Litex matched films and processing solutions, Agfa-Gevaert's Resox system which is intended to keep lith processing absolutely stable, is applicable to other lith films and is thus "open."

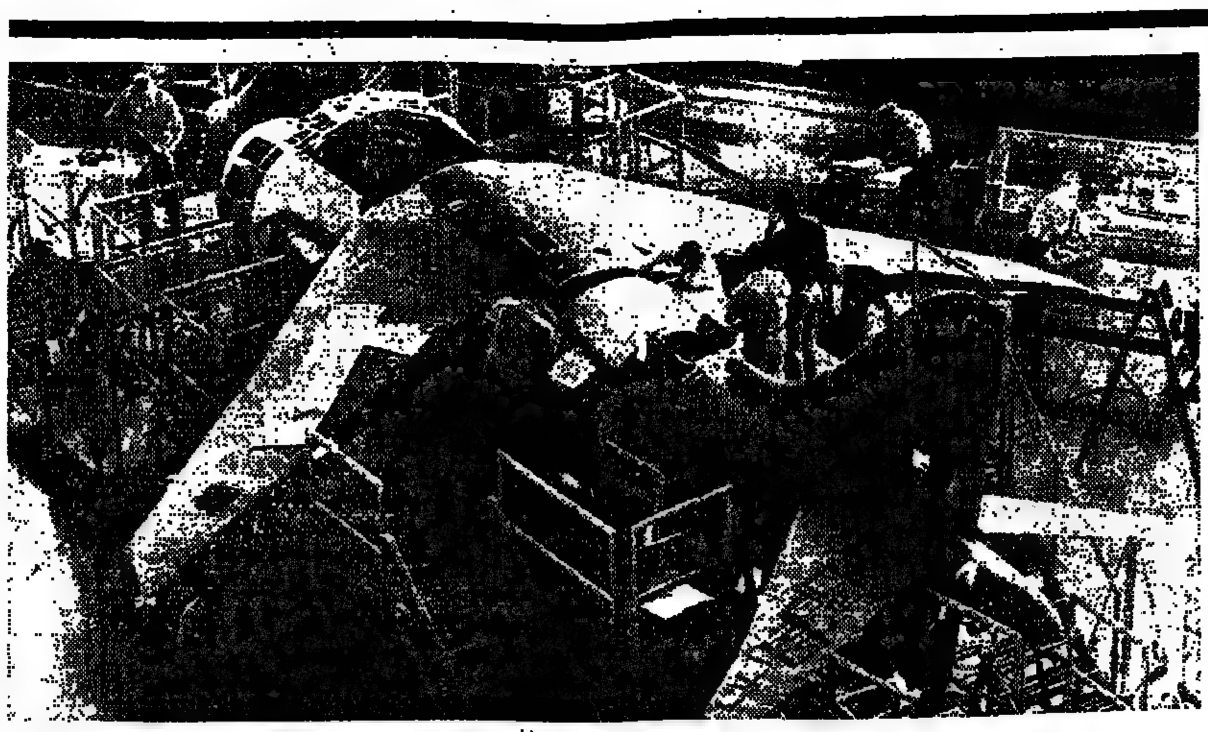
The lith process, which is an essential part of the work in plate-making, particularly for high-quality magazines, is highly sensitive to exhaustion as the films pass through the chemical bath, and to oxidation, simply through the exposure of the bath liquids to the air.

Resox has been designed to provide two separate streams of replenisher—one to counteract exhaustion and one to offset oxidation.

Thus, one replenisher operates at a rate dictated by the area of film passing through the bath in a given time while the other *operates by adding small doses* every 20 minutes. This means a lith system can be left for considerable periods unattended and the solution's strength will be accurately maintained ready for further work, without fuss or bother.

Daily check routines are simple and adjustment to controls immediate and the company claims that dot sharpness will remain the same months after pouring fresh solution into the machine. These claims are backed by some 18 months of practical trials.

Further data on the process and the Litex film series from Agfa-Gevaert, 27 Great West Road, Brentford, Middlesex. 01-560 2131.



So far the largest aircraft component built from composite materials is the wing of the Advanced Harrier shown here as it is being mounted on the fuselage of the aircraft, now taking shape at McDonnell Douglas Corporation, St. Louis, Missouri. The supercritical wing has all spars and upper and lower surfaces made from epoxy resin reinforced with graphite fibre, a material in which a great deal of the pioneering work was done in Britain. The wing weighs 1,374 lb, or a saving of close on 20 per cent compared with conventional metallic structures. McDonnell is building two prototypes of the Harrier for the U.S. Marine Corps under a licensing agreement with British Aerospace. These will have twice the range, or twice the payload, of the original Hawker Harrier. UK companies are participating in prototype building and some 50 per cent of the work on production aircraft is expected to be carried out in Britain. Earnings for British companies are spelled out by the fact that requirements for the AV-8B aircraft for the Marines are expected to total 350 aircraft costing $2bn. First flight is for late 1978. Other potential buyers have expressed interest.

● TRANSPORT

Link-up at Leyland

CLOSER INTEGRATION of British Leyland Cars' operations at its 35 UK plants is being brought about by a new £1.4m computer data centre at Redditch, Worcestershire.

This is already saving £1.5m a year on expenditure at three original centres, despite the £3.9m annual operating costs including leasing computer time in Washington and Toronto.

In addition to more ordinary functions, the system, among the most advanced in Europe, is being used for monitoring warranty claims and customers' service documentation, preparing engineering manuals, and supervising quality.

Linked to the GPO Viewdata system, as is proposed, it could be used in factories to provide "electronic" notice boards.

At the Swindon body pressing plant, an in-factory installation produces a record of strain values which determine the quality of pressings and indicates malfunction when they fall outside parameters. It enables a foreman, who may be attending a worker participation or management meeting to be "bleeped" to warn him a repair is necessary.

Redditch is linked to this system and can, if necessary, "bleep" the foreman direct if its monitoring arrangement provides the necessary information. But its main function is to produce work schedules for Swindon. In due course, the system will be extended to other body plants like Castle Bromwich in Birmingham. At present, Redditch is linked to 22 factories and by the end of the year will be operating at all 35.

The system is also being used to build up the engineering details of the new LC-8 Mini to be made at Birmingham. About 5,500 different parts, tools and equipment are required for this £250m project and the correct sequencing of supplies is being computerised so that the complex business of bringing them all together in the right place at the right time can be simplified.

By the end of this year, the full complement of large computer equipment installed at the centre will be one IBM 3033, two IBM 370/158s and two IBM 370/145s with two and one megabytes respectively.

An ICL installation is also scheduled for the parts operation at Cowley, Oxford.

PETER CARTWRIGHT

● COMPUTING

Long arm of the machine

MAGISTRATE'S courts in Stockport and in Gwent are among the first to use ICL's new computer package specifically designed to ease the administrative work load involved.

At Gwent the system will run on a newly ordered 2903 computer backed by five 7502 terminal processors and a pair of 7181 visual display terminals. Stockport magistrate's court will make use of a 1904A operated by the Stockport Metropolitan District Council and the court staff will gain access via three 7561 VDUs installed at the court and linked through a terminal processor to the main computer by phone lines. Gwent will have similar links between magistrate's clerks offices in Newport and elsewhere to the 2903.

Using the terminals police officers will send information about defendants and cases to the court's data bank held on the 2903. Summonses will then be produced and also supplementary documents such as a reminder to bring a driving licence or other document to court.

As the date of the hearing approaches the system is programmed to produce two versions of the court list for the day: a short one for the magistrates, court usher and public and a full version which will form the court register.

After the hearing the sentence passed, if any, will be entered into the data bank via a terminal and the computer will then print notifications of fines, court orders and licence disqualifications or endorsement notifications. Statistical reports are also provided covering numbers and types of cases.

If money has to be paid the system will handle the accounting functions and take automatic follow-up action on unpaid sums or on court orders by producing reminder letters, summonses and warrants.

ICL is on 01-788 7272.

Aid for the legal profession

LEGAL computing takes a step forward this month with the formation of Oyez Computers by the Solicitors' Law Stationery Society group. This brings together the computer division of Oyez Services, which offers bureau services for solicitors, accountants and commercial operations, with Solicitors' Law's computer systems development operation.

Pioneer work in the legal profession by SLSS over the last 13 years has brought widespread acceptance of the benefits of the computer.

The company is developing in-house system products and further bureau services for both data and text processing, based upon the latest microprocessor and mini-computer technology.

SLSS introduced computing to solicitors' offices with a batch-processed legal accounting service. Time-costing and payroll packages followed. Bureau services were also then extended to accountants and commercial users.

Culmination of the company's work in the legal sphere—still the largest market—was the recent introduction of on-line legal accounting, with an option for solicitors to take new services over the same equipment, as they are developed.

Oyez Computers, 237 Long Lane, London SE1 4PU. 01-407 8055.

● AGRICULTURE

Determines moisture in grain

A GRAIN moisture-measuring system which uses "reader" rings instead of the conventional pointer moving across a scale-plate, has been developed by Protimeter, Meter House, Fieldhouse Lane, Marlow, Bucks, SL7 1LX (06284 72722).

The rings, each individually and accurately calibrated to register the moisture levels of the various crops grown, are also designed to take into account the effect of different standard oven-drying methods on crops.

Because official methods of the British feeding industry and Intervention (EEC standard) can give differing moisture contents for a particular sample of grain by up to 1 per cent, the company says that this potentially complex and confusing situation can now be eliminated by the use of the Grain Mini Mk. 11 system, and it should be impossible to confuse scales for different grains as only one can be used on the instrument at a time.

● ELECTRONICS

Integrated security

CENTRALISED control of a number of security and communications systems installed in an industrial or commercial complex is offered by Jorgen Andersen Ingeniorfirma with the Video Guard system.

Using a tone signal bus communications line between the parts of the system some 16 alarm sensors (infra-red, microwave, door contacts, ultrasonic devices etc.) can be connected together with eight camera inputs. Alarm sensors and cameras can be inter-related; for example, an activated sensor can cause a nearby camera to point in a pre-determined direction. Or, three alarm sensors could be related to three pre-determined camera aimings.

Most of the time, however, the cameras would be automatically sequenced to produce images on one or other of the two monitor screens built into the console, with adjustable dwell time. Then, if an emergency occurs, and there is contention for cameras or monitors, certain priorities can be pre-set—the most vital area would be looked at first.

An audio communications network can also be controlled from the panel so that guard personnel can communicate with key positions in the building.

The status of all the devices used in the system are shown with light emitting diode lamps.

The Danish company claims that the bus-oriented construction and the modularity of the equipment makes it possible to tailor a system to suit most customers.

More from 18A, Bridge Street, Caversham, Reading, RG4 8AA, Berkshire (0734 475936).

● WELDING

Portable machine

DESIGNED FOR professional and semi-professional use is a tough yet portable electric arc welding unit from Camping Gaz International, 126 St. Leonards Road, Windsor, Berkshire (Windsor 55011).

Called the Ektra 320, it has a three-phase output, 50, 75 and 105 amps, and will use electrodes from 1.6 to 3.2mm. It measures 7¾ inches by 12½ inches by 5½ inches.

The face mask and scaling hammer are supplied complete with the unit and the electrodes sold separately.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

هكذا من الأصل

The Management Page

EDITED BY CHRISTOPHER LORENZ

Richard Lambert on the measures taken by one of Britain's largest fibres groups to avoid a liquidity crisis

How Courtaulds kept the inflationary wolf at bay

EARLY IN 1977, senior management at Courtaulds, one of Britain's biggest textiles and fibre groups, became aware that the company could not continue on its existing course indefiniteley. Its liquidity was being "crucified" by the impact of inflation on a high-volume business suffering from cyclically low profit margins.

However, the group's report and accounts published today highlight a remarkable turnround in liquidity in the 1977-1978 financial year. Despite a marked fall in profits from £80.9m to £53.7m pre-tax, group net cash resources rose during the year by over £30m. That such an improvement could be achieved seemed unlikely even 12 months ago.

Early in 1977 the group's annual turnover was running at £1½bn a year, and its inventories exceeded £400m — the equivalent of nearly 28 per cent of sales. Assuming inflation at 12 per cent, Courtaulds needed a pre-tax margin of 3.3 per cent on sales merely to finance higher stock values. In fact, profit margins in the year just ended were to work out at only 3.4 per cent.

To make matters worse, the volume of stocks had been rising as demand for textiles fell. In classic counter-cyclical fashion, Courtaulds had not cut back its production in line with demand, on the assumption that—as in the past—there would be major cost advantages in carrying high stock levels at the beginning of a recovery. In 1974, when the previous boom peaked, stocks were down to about 11 weeks of sales whereas by 1976 they were up to the equivalent of 14 weeks.

But 1977 was the year that something went wrong with the textile cycle. On previous form it should have marked the second and probably the strongest leg of an upturn. Instead the recovery, which had started to emerge in 1976, petered out and demand around the world slid away through most of the year.

Whereas profits were running at about half their previous peak levels, the group's stocks had risen by roughly £200m in value since 1974 and net cash resources—which had reached a high point of nearly £150m—were almost disappearing.

Management decided on three main courses of action. The first was to establish a two-tier system of interest charges on the working capital held by the operating companies. A lowish rate was levied on each company on that proportion of its working capital which was equivalent to the amount it held a few years earlier. A different and substantially higher rate was charged on the rest.

Obviously this meant that companies were being judged in an arbitrary and, in some cases, unfair manner by head office. But it concentrated attention on the cost of inflation and the urgent need to reduce stocks.

Next, Courtaulds devised a formula to penalise spending proposals which had a high working capital element. Effectively it concluded that the larger the proportion of working capital in any given project, the higher the apparent return that would be required in order to achieve the same real results.

Finally, and much more radically, the group launched an exercise whereby all its UK units—and the products within those units—were put to the test to measure their financial self-sufficiency.

The idea was that in order to be viable, a product needed to generate enough cash to cover the effect of inflation on working capital tied up in it, together with the minimum capital spending required to keep it in operation, and its share of group financing charges.

These separate criteria were then defined in terms of a single cash margin. For instance, if a product's working capital was turned over four times a year and inflation was running at 12 per cent, then that part of the margin needed to cover inflation would be 3 per cent. The required cash margin was then compared with the actual return generated by each product and unit.

After a trial run in June, the system was applied across the UK in the autumn. It caused, recalls deputy chairman, Mr. Norman Smith, "quite a turmoil."

If a manager failed to pass the test in any area, he was required to show what steps he could take to retrieve the position within a given period of time. Typically these would include destocking, different pricing, or a change in the sales emphasis. If he was unable to show how this could be done, then the next step would be for central management to consider shutting down the product, the unit, or even an entire operation.

Grey areas

Clearly the results had to be interpreted very carefully. The extreme no-hope cases were one thing. According to finance director Mr. Graham Hearne, who joined Courtaulds from Rothschilds the merchant bank, just as the exercise was getting under way: "In these instances the formula did no more than confirm in a very vivid way what we already knew."

But there were much harder decisions to take in the greyer areas, where a business might have a very serious problem but still be worth supporting over the long-term. In a group composed of a large number of individual managements, it would have been fatal for Courtaulds to give the impression that it was prepared to cut off people's legs just to make them fit neatly into the picture. Mr. Smith is careful to point out that some products are still being produced which have not yet met their required margin.

There were other risks. It was important for middle management not to concentrate too much on short-term cash as against long-term profitability. A number of eager beaver finance directors among the operating companies started to incorporate the formula into their reporting systems. They were told firmly that this was a one-off project: once completed, that was it.

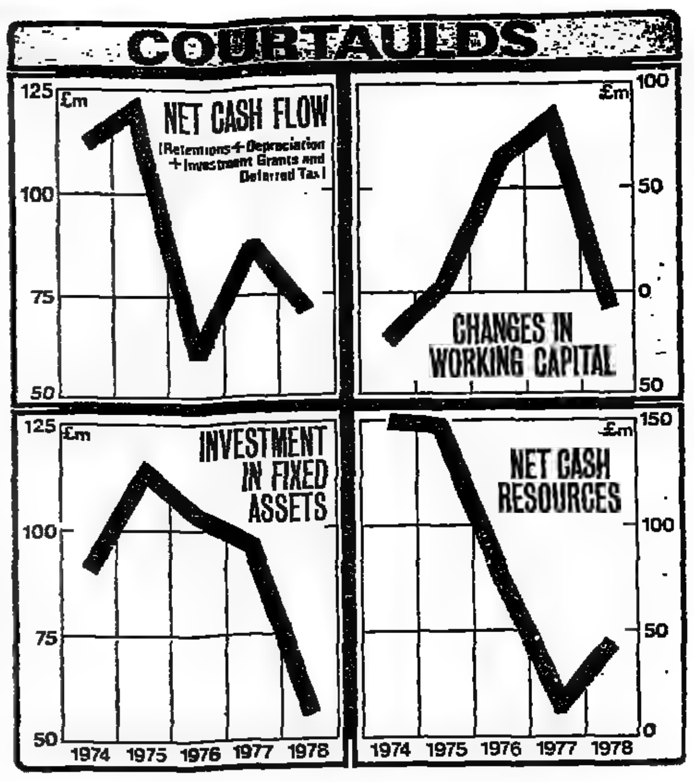
"The achievement of the cash self sufficiency exercise, says Mr. Smith "is that it encouraged management to be prepared to sacrifice profit in conventional accounting terms for this year, in exchange for a real cash improvement. They would be loth to do this under the normal system of reporting, whereby they are assessed on profit performance."

In financial terms, the results were dramatic. In a year when the group's costs were still running at a double figure rate of inflation, working capital fell by £9.2m. In 1976-77, it had jumped by £85.1m. In some product areas the contraction was even sharper. The volume of fabric stocks, for instance, was cut back by about 30 per cent, which translated into a fall of about a fifth in cash terms.

In the first half of the financial year, Courtaulds had a net cash outflow of £17m. In the second six months, by contrast, it generated a net cash surplus of nearly £50m.

This turn-round was not simply the result of tighter controls on working capital. In addition, the group's spending on fixed assets had been falling back sharply from the peak levels of the mid-1970s when a number of very big projects had come together to take the annual figure up to over £100m. The Lancashire-type spinning operations had been substantially re-equipped by 1976, and elsewhere the group had a number of very large new installations which as a result of the recession had never reached anything like their rated capacity. These include the Letterkenny polyester filament plant in the Republic of Ireland, the Campsie sheet and workwear factory in Northern Ireland, and the Belmont weaving shed in the North-East of England.

As a result, the capital spending screws could be tightened considerably without causing lasting damage to the group. In the preceding five years, investment in fixed assets amounted to £444m, far in excess of depreciation provisions totalling £247m. In 1977-78, spending fell to £56m and was comfortably covered by an historic cost depreciation provision of £68m.



Courtaulds has come through the recession so far in much better shape than most of its competitors. Whereas the European fibre industry as a whole probably lost more than £400m in 1977, fibres and yarns accounted for well over half the group's profits of £58m from fibres, textiles and related activities in 1977-78. One explanation is its commitment to the more buoyant cellulosic fibres as opposed to the heavily depressed polyester, nylon, and acrylic fibres. In addition its balance sheet remains firmly based, despite the heavy cost of mismatched foreign exchange loans, and there is a comfortable margin of liquidity.

However for three years now the group has earned an inadequate return on its capital employed of over £800m. The trading outlook remains uncertain, and although there are indications of firmer demand coming from the retail end of the trade, Courtaulds has no intention of rebuilding its stocks in anticipation of market performance. Despite the big cash turnround in 1977-78, management still has quite a few hurdles left to overcome.

Circuit breakers: the short cut to fuse box safety

THE INCREASING enthusiasm of governments and international bodies for all aspects of safety is soon likely to force managers and householders to take another look at that much neglected piece of equipment: the main fuse box.

There in a dark basement or underneath the stairs, will be found an array of rewirable fuses which most people never see except by the light of a flickering candle. Now after many decades of service these fuses are probably nearing the end of their days.

Indeed the UK is one of the few developed countries where the rewirable fuse is still widely tolerated. In France, Germany and the U.S. the more expensive circuit breaker has long ago taken over on grounds of convenience and safety.

In the last few years, it has been realised that circuit breakers can offer not merely convenience, but important safety factors which it is essential for companies—and desirable for householders—to understand.

Apart from the commonsense need to make factories and offices as safe as possible, employers will have to consider the liability that could arise in the case of an accident. Even an accident caused by a faulty appliance or the incorrect wiring of a plug could rebound upon a company if its electrical installation were shown to be inadequate.

In the past it was generally considered that the ordinary fusing systems were all that was needed.

Now, however, there are two types of circuit breaker available which in their different ways offer additional protection. Perhaps the most important is the earth leakage circuit breaker (ELCB) which is fitted near the main fuse box and protects people throughout the house or office from the danger of electric shock. The second type, called a miniature circuit breaker (MCB) is a direct substitute for the ordinary rewirable fuse, and is plugged into the main fuse box, one for each circuit.

Both types of circuit-breaker will cut off the supply as soon as they detect a surge in the current caused by the short-circuiting of a live wire to earth.

An MCB can also detect a slow overheating of the wires which could be caused by a fault not serious enough to blow a fuse. More important from the safety point of view is the ELCB, which will cut off the supply as soon as a person touches a live wire or a part of an appliance which has become accidentally electrified.

The ELCB can detect the fact that a small amount of current is escaping to earth and can therefore give protection, which is impossible with an ordinary fuse.

The extra safety which it gives to a whole circuit has already been recognised by breweries, for example, who generally insist that sockets in damp places like pub cellars should be protected by an ELCB. Although the cost, at around £20, is much higher than that for an ordinary fuse it can only be a matter of time before trade unions and safety bodies insist that all electrical installations are protected in this way.

Although use of the ELCB cannot absolutely guarantee that people touching live wires will escape electrocution, it reduces the risk to minimal proportions. For this reason, it is likely that most international specifications will soon include a requirement for ELCB protection. In the UK local authorities are already insisting on their use in such places as old peoples' homes and student hostels.

The prospect of a major changeover to circuit breakers in domestic and commercial installations has presented an interesting challenge to manufacturers of fusegear and related equipment.

George H. Scholes which makes the Wylex fusebox and consumer unit which is almost standard through Britain has bought in technology from abroad. It now makes a range of ELCBs under licence from Felten and Guilleume of Austria. Although Scholes has been the dominant supplier of fuseboxes with 75 to 80 per cent of the domestic market, it now faces stiff competition for the potentially more lucrative circuit breaker market from MEM and from MK, which is moving in from its strong position as a supplier of plugs and sockets.

Recently miniature circuit breakers costing a few pounds which plug directly into a 30 amp, 15 amp, or 5 amp fuse socket have become available from electrical retailers. About 10m are made in the UK each year, mainly for new buildings in the public sector.

However, Mr. Roy McDowell, chairman and managing director of Scholes is not planning advertising aimed at the consumer. Instead, his firm will be directing its efforts towards the contractors and large customers like local authorities and to enlisting the support of electricity boards. Mr. McDowell says: "One of our problems is that 80 per cent of electrical contractors do not know how a circuit breaker works, so they are reluctant to advise customers to fit them, especially as they are anxious to tender at the lowest possible price."

In the longer term Scholes is hoping a greater public awareness of safety will enable it to develop intruder alarms and other devices. Linked to the main fuse box, they could deter burglars, for example, by switching lights on and off in sequence.

More immediately, it is moving into the industrial and commercial market for distribution systems with a new circuit-board in which the MCBs are pre-wired for the contractor. In this way the company hopes to increase acceptance of MCBs because contractors will not be concerned with any of the box's internal wiring.

This policy is an insurance measure against the inevitable decline of the domestic fuse box—the company's staple product at present.

Max Wilkinson

Business Books

Corporate Development in the Middle East, by Robert Nelson. Oyez Publishing. Price: £15. This is directed at the senior executive whose company is either planning or undertaking business operations in the Middle East, and provides guidance on commercial law and practice.

The Challenge of Management, by Alan M. Glassman. Wiley/Hamilton. Price: £4.20. This is a textbook designed to supplement the learning experience in the introductory management and/or organisational behaviour course.

Success in Law, by Richard Bruce. John Murray. Price: £2.50. The general principles of English law are set out in this book in a way that relates theory to action and which shows its relevance not just to the individual but also to society as a whole.

LOMBARD

Self-doubts in the U.S.

BY DAVID LASCELLES IN NEW YORK

ONLY IN the U.S., one imagines, would they have got the business of measuring consumer confidence down to such a fine art that it can be recorded on an index that goes up and down. But such is the case, and when the New York conference board updated its index this month it showed *a further drop to 88.5 on a scale* where 1969-70 = 100.

But the board was only recording in figures something that is obvious to most people who chat, listen and read the papers here. Even though traumas like Vietnam and Watergate are things of the past, there seems to be a sense of gloom about, which is most striking to newcomers like myself. There is a feeling that for some reason or other things are not working out. Some people even refer darkly to historic turning points and wonder whether things will ever work out at all.

It comes as something of a surprise to discover that in the places that matter, like New York and Washington, people can be so anxious about what the future holds, and for Britons, the stream of self-critical and morale-sapping items in the Press and on TV look depressingly familiar, especially when other countries are held up as exemplary.

It is easy, of course, to get the wrong impression from what happens on the east coast. After all, Detroit is churning out thousands of cars a day, oil is gurgling out of Texan wells, and the harvest is ripening in the mid-west. But as the conference board's index showed, something is up, or rather down.

Inflation

Economics have much to do with it. Inflation is getting worse, and people are wondering whether there will ever be an end to it all. Then there is the energy problem, which has all sorts of ramifications. It has driven home to Americans the fact that resources which were once considered infinite will one day run out — a traumatic prospect which takes on almost metaphysical dimensions here. Also, Congress' failure to come up with an energy Bill after more than a year's intense squabbling has raised questions about the country's ability to govern itself — again an awesome thought.

But then people start muttering about grave underlying trends, like the declining rate of labour productivity. To most Americans, hard work is both an ethic and the demonstrated basis of their great economic strength. That productivity should now be weakening strikes a lot of them as a sign that something is gnawing away at those foundations.

Another worry is the loss of creative edge which, like labour productivity, has made America what it is. Although the U.S. abounds in gadgets which ordinary Europeans have not even heard of let alone had a chance to buy, the situation is sufficiently serious for the President's chief domestic policy adviser to draft a memo earlier this spring stating: "There has recently been a perceptible decline in the kinds of industrial innovation needed to ensure both economic expansion of our industrial sector and continued U.S. technological superiority."

World stage

What seems to have added to these worries is the growing feeling of ineffectiveness on the world stage. Is it because the U.S. has a President who finds it difficult to handle international relations? Or is the country as a whole losing its grip, like other great nations in the past? The failure to get anywhere with the biggest competitor of all, the Soviet Union, either over Africa or disarmament, appears to have revived old fears about Communism. But because of the way attitudes are moving there is the extra chilling thought that the Russians could soon be in a position to overtake the U.S.

Absurd though it sounds, this idea crops up frequently in conversations among ordinary Americans. I have even heard well-educated young New Englanders express the view that the U.S. "peaked" in the early 1970s, and that the only way from now on is down. Meanwhile, the Russians are getting stronger, and spreading their influence to new parts of the globe.

I say absurd because, although Americans obviously have things to worry about, even the pitted streets and decaying buildings of impoverished New York can't conceal from European eyes that this is a powerhouse of a country where opportunity is writ large. Perhaps what Americans ought to be worrying about most is the fact that they are losing sight of their own wealth and strength.

Franconian produce for local drinking

WINE

BY EDMUND PENNING ROWSELL

IN SPITE of everything, we in this country have an almost unrivalled choice of wines from all over the world, and any not commonly found here are likely to be too local to attract attention here or uncompetitive with firmly established names. But there are a few leading wines very thinly represented on wine lists, and perhaps the most distinguished of these are the wines of Franconia.

Certainly they are on the expensive side, like most German wines of quality; and the flagon-shaped *bocksbeutel* is not the most convenient type of bottle for transport or for trading. The main reason, however, why Franconian wines are so little seen beyond Bavaria, let alone outside Germany, is that they account for only 4 per cent of *the country's* wine production, and all but a small proportion is drunk within the State confines. It is estimated that 15 per cent is consumed in Franconia, 70 per cent in the rest of Bavaria, leaving only 15 per cent for the rest of Germany and for export, which takes not more than 5 per cent.

Moreover, something like a quarter to a third of the average production of about 25 million litres is sold direct: "at the cellar door." For example, the huge co-operative at Repperndorf, in the middle of the rolling country east of Würzburg, sells direct 26 per cent of the 8-10 million litres it markets on behalf of its associated smaller co-operatives. Then there is the very large restaurant and wine-bar trade in "open wines", bottled for this purpose in litre bottles.

In Würzburg alone there are 20 *weinstuben* where the copious 20cl and 25cl *roemer* glasses are frequently replenished. (Market research in depth has shown that in the *weinstube* of the Burgerspital the average consumption is 2½ glasses!).

So, altogether it is doubtful whether more than half Franconian wine finds its way into regular wine trade channels and their customers.

One reason, perhaps, why these wines are not beter known outside Germany is that the numerous village names are far less familiar than those in such *districts as on the Moselle* and Rhine. The German Wine Atlas published last year by the German Wine Institute in Mainz lists over 100 Franconian wine-producing villages, each entitled to its name on the label even if often using a district or *grosslage* one; while the Repperndorf union of co-operatives of wines from 80 villages carries a stock bearing 740 different site names and labels—a stock-controller's nightmare were it not computer programmed.

On the other hand, production is not so fragmented as this might imply, because Franconia includes some of the largest wine estates in Germany, headed by the three great Würzburg institutions: the Hof-Kellerei (the State domaine), the Juliusspital (a hospital) and the Burgerspital (an old people's home). The State Domaine has 120 hectares under vines in production, and the other two institution have 80 hectares apiece, as well as other lands in course of re-planting or reorganisation. For in Franconia, as elsewhere in Germany, a great programme of vineyard consolidation is in train, uniting holdings and aiding mechanical cultivation by the elimination of teraces and rocky outcrops.

One such now completed is the Randersacker Marsberg, a splendid great sweep of hillside vineyards that cost DM 180,000 (£50,000) per ha to re-form.

Then there is the interesting private Castell estate on the eastern extremity of the Franconian wine district on the edge of the bleak Steigerwald. Once a great vineyard area, it went out of production after the Thiry Years War, *and was only revived* since the last world war. The Castell family were lucky to be allowed to plant 120 ha of vines, for in spite of the real shortage of wine in Franconia, any extension of vineyards is nearly forbidden. The Castells expect that the best they may be able to secure in the next few years is a further 2 ha. They pride themselves on the unsugared quality of their wines.

Which are the best Franconian wines? Of course the best-known site of all is the very large 100-hectare Stein vineyard overlooking the Main at Würzburg. So much so that Franconian wine has the world-wide used synonym of Stein wine, *which is quite incorrect.* Outside the capital with its Stein, Leiste and Schlossberg sites, the best wine villages are probably Randersacker, Iphofen, Escherndorf, Sommerach and Thungersheim—although this list would hardly be likely to be accepted by the other villages. It might be conceded, however, that they are the most widely known. But it is impossible to list here the individual site names, still so numerous in spite of the sharp reduction under the 1971 German *wine law.*

Nevertheless the grape varieties provide some guide to quality.

Certainly, as everywhere in Germany, the Riesling normally produces the best wine. Unfortunately it buds early and thus is liable to spring frosts on these open, often cold uplands, and it matures late. So only about 4 per cent of Franconian wine is made from this grape, although the proportion is very much higher among the big institutions, up to 24 per cent, in the Burgerspital vineyards.

The traditional Franconian grape is the Silvaner, formerly predominant, but now accounting for only about 35 per cent, having been overtaken by the Müller-Thurgau. The Silvaner generally produces a rather dull, indecisive-flavoured sort of wine, but not in Franconia where it can be excellent. I can never arouse much enthusiasm for the Müller-Thurgau that owes its success to its reliability in northern latitudes: a heavy, plodding wine acceptable but unexciting.

However, arising out of the problems of northern viticulture, the Germans are inveterate breeders, and in recent years some new varieties have had commercial success: notably Bacchus, Kerner and Rieslaner—the last a Riesling/Silvaner cross that occupies 15 per cent of the State Domaine's vineyards. As the Germans are punctilious about putting the grape names on their labels, along with almost everything else save the grower's telephone number, it is easy to pick out the most likely varieties. The best vintages to look for now are 1975 and 1976.

The great virtue of most Franconian wines is that they are natural. Not using added *süss-reserve*, like elsewhere in Germany, the wines have a good acidity and are dry; sometimes, it must be admitted, to the point of dullness.

However, that does not preclude the wines of Spätlese, Auslese and even Beerenauslese qualities. Yet the dryer types do provide an answer to those who find nearly all German wines too sweet for savoury food. There are also the newly-fashionable, bone-dry, *trocken* wines completely fermented out and reckoned to reduce the ever-present German risk of corpulence.

Those visiting Bavaria this year, perhaps for the music festivals in Munich or Bayreuth, will have no difficulty in sampling Franconian wines, both "open" and in the traditional bocksbeutel. If found to be expensive the sterling-Dm exchange rate must partly be blamed, as in popular wine-bars the mark-up *is* not excessive.

For those who stay at home, the search is more difficult, but O. W. Loeb, 15, Jermyn Street, SW1 has a few '76s, including Escherndorfer Lump Silvaner Kabinett (£4.46), Würzburger Stein Riesling Spätlese (£5.49) and Iphofer Julius-Echter-Berg Riesling Spätlese (£6.49), all including VAT.

These are highly suitable wines for summer drinking.

Epsom backers should give Formidable another chance

RACING

BY DOMINIC WIGAN

BRITAIN'S annual racing showpiece, Royal Ascot—which for many is the social high spot of the year while for others it is the only chance in the year to see four consecutive days of top-class flat racing—gets under way again today with the ground riding fast and forecasts of sunny settled weather.

This afternoon's opening day, which a year ago threw up only one surprising winner in Nanticious, the heroine of the Ribblesdale, could again see selective backers coming out on top.

Two on whom I will be relying this afternoon are Coalminer, among the runners for the *Group II Coventry Stakes, and* one of the first representatives of a 44-strong Irish raiding party, and Formidable, who goes for the St. James' Palace Stakes.

Coalminer, for whom Vincent O'Brien's former assistant trainer, Michael Kauntze *has* secured the services of Willie Carson, booked his place in this afternoon's possibly sub-standard line-up with a victory in the Curragh's Marble Hill Stakes last time out.

Sent into the lead a quarter of a mile out, Coalminer, a cheaply bought Welsh Saint colt out of that speedy mare Pianissimo, made his 7,400 guineas yearling purchase-tag appear one of the scoops of last autumn with a cleverly gained victory over Park Romeo.

If, as reports suggest, Coalminer is some way in front of Cap Ferrat and the remainder in Kauntze's talented juvenile team, he will want a great deal of beating today.

I take him to justify his illustrious reputation with a clear-cut success over Lake City and Nocturnal Boy, both of whom may need more time before showing their true worth.

Peter Walwyn has made no secret of the fact that he still believes Formidable to be a top-class performer and those punters who knew their fate with the Forli colt two furlongs from home at Epsom where he came to the end of his stamina in the Derby, will I feel sure be prepared to give him another chance in the one-mile St. James' Palace Stakes.

But for the presence of Persian Bold, a confirmed top-of-the-ground performer in outstanding trim at present, it would probably pay backers to opt for Formidable with confidence.

As it is, he can be only a tentative choice to confirm William Hill Middle Park Stakes superiority over his Epsom-based opponent.

Both are likely to overshadow their seven opponents who include the Irish 2,000 Guineas winner Jaazeiro, both in the paddock and in the race.

ROYAL ASCOT

2.30—Uncle Pokey
3.05—Gunner B
3.45—Palmerston
4.20—Coalminer**
4.55—Cherry Hinton*
5.30—Formidable***

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

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ROYAL COURT. 730 1745. Air Con. Opens Ton't at 7. Subs. eves. 8. Sat. 5 & 8.30. FLYING BLIND by Bill Morrison

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TV/Radio

† Indicates programme in *black and white.*

BBC 1

6.40-7.55 am Open University. 1.30 pm Ragtime. 1.45 News. 2.00 Royal Ascot. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Goober and the Ghost Chasers. 5.05 Wildtrack. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 World Cup Report.
7.20 The Feather and Father Gang.
8.10 The Standard.
9.00 News.
9.25 How To Be Your Own Boss.
10.15 Cabaret Showtime with Lulu.
11.00 Tonight.
11.40 Play Golf.
12.05 am Weather/Regional News

All Regions as BBC 1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 10.15-11.00 Wales Down Under: Rugby Union Tour. 12.05 am News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.30 Work Talk.
11.00 Play School (as BBC 1 4.20 pm).
4.00 pm Royal Ascot.
6.10 Open University.
7.00 News on 2 headlines.
7.05 A Woman's Place?
7.30 Newsday.
8.10 The United States Open Golf Championship.
9.00 Rhoda.
9.25 Our Mutual Friend.
10.15 Living on the Land.
10.40 Late News on 2.
10.50 "Simon Simon," starring Graham Stark.
11.20 The Old Grey Whistle Test.
12.00 Closedown (reading).

BBC 2 Wales only—7.05-7.30 pm Heddiw. 12.00-12.25 pm A Woman's Place?

LONDON

9.30 am A Diary of Civilisations. 10.20 "Small Miracle" starring Vittorio de Sica. 11.40 Dynomutt. 12.00 Issi Noho. 12.10 pm Rainbow. 12.30 News plus FT index. 12.55 Help! 1.00 Parent's Day. 1.30 Crown Court. 2.00 After Noon. 2.25 Red Letter Day. 3.20 Once In A Lifetime. 4.05 Cartoon Time. 4.20 Paul. 4.45 Extraordinary. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Oh No, Its Selwyn Froggitt.
7.30 Charlie's Angels.
8.30 Life Begins at Forty.
9.00 Will Shakespeare.
10.00 News.
10.30 Nuts and Bolts of the Economy.
11.30 Westside Medical.
12.25 am Close: A painting by Constable with music by Elgar.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Manfred. 9.45 The Record Makers. 10.35 Feature Film: "The Millionairess," starring Sophia Loren, Peter Sellers and Alastair Sim. 12.55 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 Survival. 11.30 Four Day Wonder. 12.30 am Anthology.

ATV

9.50 am It's Ability That Counts. †10.15 Morning Cinema: "Jigsaw" starring Jack Warner. 12.50 pm ATV Newsdesk. 4.05 Professor Balthazar. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 British Canoe Championships.

BORDER

9.30 am Skippy. 9.50 Certain Women. †10.45 "The Smallest Show on Earth," starring Virginia McKenna and Bill Travers. †12.50 pm Border News. 2.00 Red Letter Day. 2.55 Once in a Lifetime. 3.50 The Royal Highland Show. 5.15 Mr. and Mrs. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 The Odd Couple. †12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 6.00 Report at Six. 7.00 Walking Westward. 10.28 Channel Late News. 11.30 Space 1999. 12.25 am Visages de France.

GRAMPIAN

9.50 am First Thing. 9.55 Technofash. 10.20 Cash and Company. 11.10 Conquest of the Sea. 12.50 pm Grampian News Headlines. 2.00 Red Letter Day. 2.55 Once in a Lifetime. 3.40 Royal Highland Show. 4.10 Cartoon Time. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 11.30 Reflections. 11.35 Celebrity Concert (Anne Murray). 12.30 am Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Lost Islands. 10.50 Davy Crockett on the Mississippi. 11.35 Elephant Boy. 12.50 pm This is your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 11.30 Police Woman.

HTV

10.10 am "Beloved Infidel" starring Gregory Peck and Deborah Kerr. 12.50 pm Report West Headlines. 12.55 Report Wales Headlines. 2.00 Houseparty. 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion y Dydd. 4.18-4.45 Mordaith. 6.00-6.15 Y Dydd. 10.30 Bywyd—Cwm Rhedo! 11.15 World in Action. 11.45-12.0 am Celebrity Squares.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.00 am Feature Film: "How To Succeed In Business Without Really Trying" starring Robert Morse. 12.30 pm News and road report. 2.00 Red Letter Day. 2.55 Once in a Lifetime. 3.40 The Royal Highland Show. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Late Call. 11.35 Police Woman.

SOUTHERN

9.32 am David Niven's World. 9.55 Rise of Mammals. 10.15 "Untamed" starring Tyrone Power. 12.50 pm Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Police Surgeon.

TYNE TEES

9.30 am The Good Word followed by North East News Headlines and weather. 9.35 Big Blue Marble. †10.00 Movie Classics: "Lady Hamilton" starring Vivien Leigh and Laurence Olivier. 12.50 pm North East News and Lookaround. 5.15 In Search of . . . the Easter Island Massacre. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Landscape. 12.00 Epilogue.

ULSTER

11.00 am Sean the Leprechaun. 11.10 The Undersea Adventures of Captain Nemo. 11.15 Animated Special. 12.50 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Reports. 6.10 Woody Woodpecker. 7.00 Emmerdale Farm. 10.30 Nuts and Bolts of the Economy. 11.30 Old House, New Home. 11.55 Bedtime.

WESTWARD

9.45 am Here Comes the Future. 10.10 Inner Space. 10.35 Feature Film: "The Girl Most Likely To . . ." starring Stockard Channing. 11.50 Look and See. 12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News Headlines. 6.00 Westward Diary. 7.00 Walking Westward. 10.28 Westward Late News. 11.30 Space 1999. 12.25 am Faith for Life.

YORKSHIRE

9.30 am Choirs of the World. 9.55 Parents in Playgroups. 10.20 The Outsiders. 11.15 Phantom Pilot. 12.50 pm Calendar News. 4.05 Lasting Beauty. 5.15 Mr and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 The Protectors.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2: 5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 John Timpson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 Sports Desk and Racing from Royal Ascot. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.33 World Cup Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On the Third Beat (S). 8.02 Nordring Rendezvous (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Peter Clayton Introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Cherubini (S). 9.55 Music for Flute and Piano (S). 10.55 Matthew Locke and his Contemporaries, part 1 (S). 11.30 Interval Reading. 11.35 Matthew Locke, part 2. 12.15 pm Midday Concert, part 1: Beethoven, Glazunov (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Midday Concert, part 2: Brahms (S). 2.20 Korean Music (S). 3.25 A Little Light Music (S). 4.25 Schubert from Bristol (S). *5.25 Jazz Today (S).* 5.45 Open University. 6.30 Lifelines: Work and Training. 7.30 Elgar (S). 8.00 Aldeburgh Festival 1978, part 1: Mozart, Chausson (S). 8.40 Sylvia Townsend Warner (a memory and Some Poems). 9.00 Aldeburgh Festival, part 2: Tippett, Stravinsky (S). 10.05 "The Third Adam" by James Rossiter: the story of the heretical Mariavite sect in Poland (S). 11.10 A Poem of Ecstasy: Scriabin on records (S). 11.35 News. 11.40-11.45 Tonight's Schubert Song.

RADIO 4

434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued) including Thought for the Day. 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Sing a Song of . . . (S). 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 pm You and Yours. 12.30 Desert Island Discs. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to the Prime Minister "live" from the House of Commons. 3.35 Money Box. 4.00 News. 4.05 Gardeners' Question Time. 4.35 The Roof of Wales: from Llanuwchllyn to Pont yr Afon-Gam. 5.00 PM Reports. 5.50 *Serendipity.* 5.55 Weather; programme News. 6.00 News. 6.30 Many A Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Gore Vidal, American novelist, essayist and wit in conversation about his life and work. 8.00 Aldeburgh Festival 1978, part 1 (as Radio 3) (S). 8.35 Restored to Life, Picture restoration. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

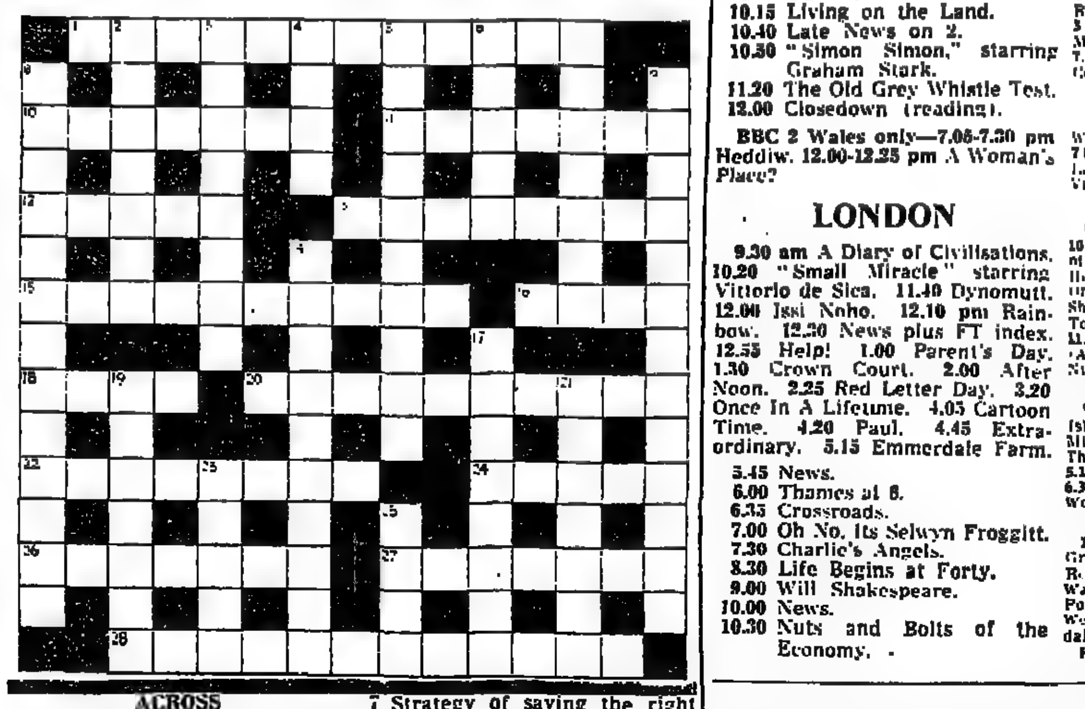
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Bryn Jones. 1.00 am Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Mike Smith's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,697



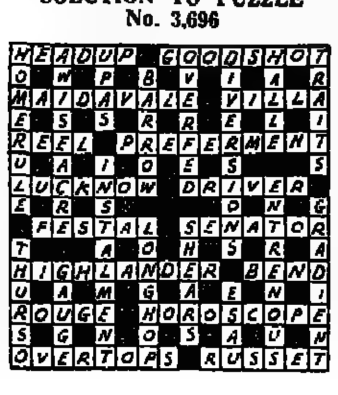
ACROSS

1 Understand the issue and have a win in court (4, 3, 5)
10 Standard author in Derby (7)
11 Object to piece in paper (7)
12 Driving Peg to New York when small (5)
13 Parent returns to commend estimate (8)
15 Part of London in the Lords area (5, 5)
16 Employer taking part of house reporter (4)
18 Beastly nonsense (4)
20 Arrived in Street bundled like a carpet (8, 2)
22 Month to desert at home with cheese (2, 6)
24 Egghead to block bar (5)
26 Sounds like pay for working in dark with chemical (7)
27 Coin's got class (7)
28 Force spectators into reporters' seats (5, 7)

DOWN

2 Sportsman is not paid to take a friend to ancient city (7)
3 Try one way to become a writer (8)
4 Wine to take to uncle's (4)
5 Part of Derbyshire comes to full stop at busiest time (4, 6)
6 Part of train terminal in Bury (5)
7 Strategy of saying the right thing to Civil Service in India (7)
8 Spread intelligence among fools (13)
9 Pole reads two papers (9, 4)
14 Wine ('51) on point of causing obesity (10)
17 Bloomer depressed lovely girl they say (8)
19 Begin to smoke to get switched on (5, 2)
21 More stupid point to row (7)
23 Stone a crowd at football match (5)
25 Part of world where first-class sex-appeal turns up (4)

SOLUTION TO PUZZLE No. 3,696



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Paris Theatre 2

Arrabal and d'Annunzio

by GARRY O'CONNOR

The "Lucernaire," in Montparnasse, is a cultural phenomenon which may be the pattern for the future in a city of diminishing theatre attendance. Concentrated in one building are two theatres, two cinemas, an art gallery, and a concert hall, and from 6.30 in the evening to midnight are mounted some dozen or more shows of one kind or another. The economical use of staff in such an enterprise is at once evident (a statistical study of employment in the theatre would no doubt show that while the number of actors has remained steady or possibly declined, the number of theatre staff has increased manifold). But the advantages to the public are also great, in so far that during the playing hours there is an almost permanent sense of event and expectation.

At the moment there are three separate performances worth seeing: a new Arrabal, unusually farcical for this author; an old Marguerite Duras, *Les Eaux et les forêts*, in which Claire Deluca plays; an early play by the Italian poet d'Annunzio, one of those pieces of textual resuscitation by a director flagrantly in abuse of an author's intention, which happily on this occasion works quite well.

To celebrate his 20th anniversary as a playwright Arrabal has taken a leaf perhaps out of his fellow absurdist, Tom Stoppard's, book, and produced a high spirited skit on politics. The welcome element in *Punk, Punk et Coloman* is the speed at which the typical Arrabalesque fantasy unfolds. Two secret agents, one a Chilean, the other a Russian sleep in adjoining rooms in a hotel, both apparently telephoned by the same headquarters. They are also transvestites, one as a Red Indian, the other as a Wagnerian prima donna, while in addition the Russian operates a flea circus, and they are soon joined by a widening circle of vaudeville grotesques: a former S.S. agent, a Klu-Klux-Klan figure induced by a dose of opium, and so on.

Arrabal's idea is that what corrupts man is his appetite for power (nothing new here), and that what he ought to do is to accept love (even if, in his case, it is too often offered by a man in knickers and suspender belt). In Georges Vitaly's athletic production, and with suitably burlesque and dead-pan performances from Jean-Pierre Leroux as the Chilean and Gerard Hernandez as the Russian, the well-disciplined frolic hardly flags a moment, and is all the better for being free from Arrabal's usual purple passages. Although one paper's headline, when this play opened several weeks ago, proclaimed that "Arrabal vitriole toujours," this striking phrase seemed largely without foundation.

At the opposite end of Arrabal's power-abusing anarchy, and at a later hour of the evening, Gabriel d'Annunzio's curious piece, *La Gioconda*, is also enjoying a successful run here, with some outstanding performances from Eléonore Hirt and Geneviève Brunet. The director, Jean Rougerie's, approach to this piece of what now seems decadent romanticism, is to inject it with delicate irony, a tactic which seems to go down well. d'Annunzio's elegant phrases are even pronounced in mock Italian tones, while the actors behave with exaggerated gestures, to match the precious sentiments. The sculptor whose mistress separates him from his wife by feeding his notion of creating a masterpiece, and who suffers from mysterious maladies, is a character whose lofty extremes seem worthy only of condescending pity.

His great work is almost destroyed by his mistress, but saved by his faithful wife who loses her hands in execution of this gallant deed. It is stylishly performed by all the cast, but except for a touching encounter between the wife and a graceful nymph, it left me feeling that while I was happy to have become acquainted with d'Annunzio as a playwright, his theatrical love affair with the celebrated Eleonore Duse still held more intrinsic fascination.

Hamburg

Don Carlos

by ELIZABETH FORBES

There are almost as many varieties of Verdi's *Don Carlos* as there are of a well-known brand of tinned soup. The Hamburg State Opera's recent production uses the revised critical edition prepared by Ursula Gunther and Luciano Petazzoni. This is a five-act version (sung in Italian at Hamburg), with the first, Fontainebleau, act in the form it had at the Paris premiere in 1867 and the remaining four adhering basically to the familiar version revised by the composer and first performed at La Scala in 1884, but with one or two additions and variations deriving from the earlier text. There is no masquerade in Act 4 — and no ballet either—but part of the confrontation between Carlos and his father after the death of Posa has been reinstated, while the finale to the last scene of all is expanded.

All the extra material involves the title role, and Jean-Pierre Ponnelle places Don Carlos firmly in the centre of his production. Almost equal importance is accorded to the Emperor Charles V, whose tomb forms a constant feature of Mr. Ponnelle's majestic sets. At curtain-rise Carlos is discovered praying before his grandfather's monument; the forest of Fontainebleau seen through his imagination with starving peasants and snow-covered trees glimpsed behind a scrim, evokes his first meeting with Elisabeth, and the second act, in the monastery of St. Juste, follows without a pause. The stage is dominated by an immense crucifix, while equally colossal figures, richly clothed skeletons with skulls instead of faces, line the wings.

These figures occasionally comment, as it were, on the action by gyrating away from or towards the characters: one such movement in the duet between Posa and Philip is quite breathtakingly effective. The auto-da-fe, with only two victims but a multitudinous crowd filling the stage in Pet Halmen's sombre costumes, is impressively managed, while the final scene, as King and Inquisitor are disclosed sitting in judgment high above the kneeling figures of Don Carlos and Elisabeth, causes a genuine stab of terror. No attempt is made to identify the Monk with Charles V; Carlos hears a voice that seems to emanate from the Emperor's tomb, and falls dead before it. His epileptic tendencies have been established from the opening scene.

Vasile Moldoveanu, who sings Carlos, brings a handsome, youthful appearance and a sturdy voice to the role. He can fulfill the considerable dramatic demands made on him by the producer, and is especially successful in conveying the depths of Carlos's despair in the second of the three duets with Elizabeth. Mara Zampieri, who took over the part of Elisazeth at relatively short notice, has a vibrant, rich-toned voice that can take on a silver purity of timbre when appropriate, as in the farewell to her lady-in-waiting, which she phrases—both verses — with touching gentleness. Fiorenza Cossotto, subduing the flamboyance of her usual performance of Eboli to a more subtle conception of the character, makes heavy weather of the Veil Song, but predictably raises the roof in "O don fatale."

Nicolai Ghiaurov makes a lonely, reserved Philip, whose feelings as husband and father are sacrified to his duty as a ruler. His sincere and moving account of "Ella giammai m'amo" gains in effect from this harsh self-discipline. As Posa, Vicente Cardinero presents an idealist of uncomplicated honesty and loyalty. He sings his farewell to Carlos with serenity, happy to die for his friend. Harald Stamm's black-voiced Grand Inquisitor is chilling but impersonal in absolute authority. Olive Fredricks makes a sprightly Tebaldo, while Carl Schultz intones resonantly as the mysterious Monk. The large chorus is well-drilled and produces a mighty flood of sound. Miguel Gomez Martinez conducts, shaping the score in long spans that weld the individual sections of the work into an absorbing drama.

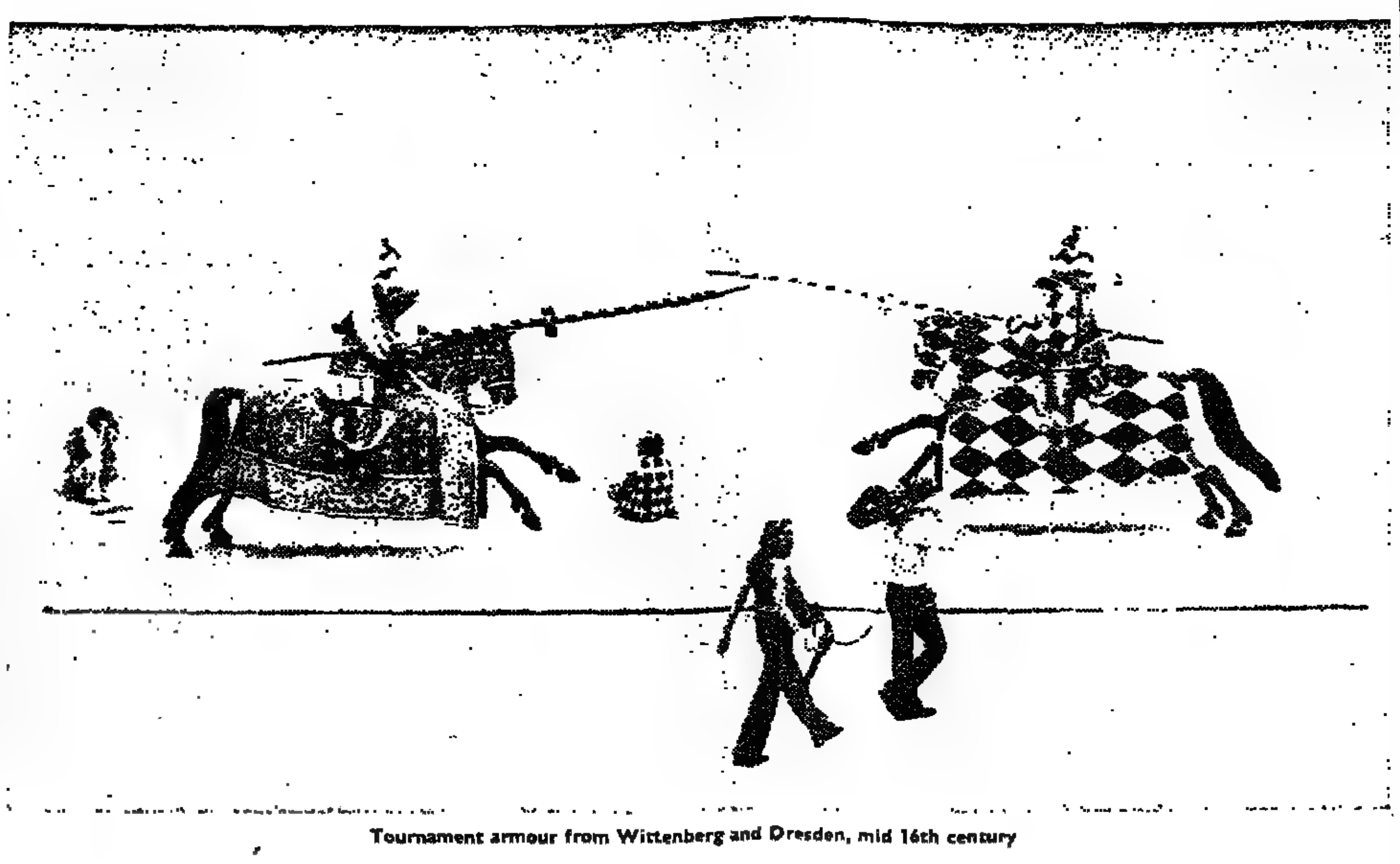
'A Family' at the Haymarket

A Family, a new play by Ronald Harwood, opens at the Haymarket Theatre on Thursday, July 6, with previews on July 4 and 5.

The cast includes Paul Scofield, Harry Andrews, Eleanor Bron, Trevor Peacock and Irene Handl. The play is directed by Casper Wrede, designed by Peter Bennion with lighting by Michael Williams.

Gainsborough painting

Lord Donaldson, Minister for the Arts, has accepted the recommendation of the Standing Commission on Museums and Galleries that the painting, *Greyhounds Coursing a Fox*, by Gainsborough, offered by Lord Rosebery and accepted by the Government in lieu of estate duty, should be allocated to the Iveagh Bequest, Kenwood House, London.



Tournament armour from Wittenberg and Dresden, mid 16th century

Washington D.C.

A National Gallery's new extension

by WILLIAM PACKER

All National Galleries are worth travelling some way to see, but not always for their architecture; and so, when a great collection is significantly augmented by the accession of bricks and mortar, we can only applaud. The new East Building of the National Gallery of Art in Washington, it is true, has excited its fair share of controversy: modern architecture makes as many people nervous as does modern art—and, in a city as unlucky as Washington has been in its more recent public buildings, we can hardly blame the natives for being at times just a trifle nervous, as their best view disappeared behind yet another pile. Now that it is up and open, spotless in the summer sunshine, they are all delighted, and so they should be. And even the New Yorker's gibe, that only in Washington would an ordinary building, by his own standards, appear remarkable, need not rankle over-much.

The East Building is indeed extraordinary, and not only in its external appearance, for it marks a level of private generosity that, even on the scale of American benefaction, stands extremely high. Just as his father, Andrew Mellon, built and gave the National Gallery itself to the nation, some 40 years ago, and his collection to go with it, so his son Paul has built and made a present of its fine extension: and, in accepting it, President Carter made clear that the federal government would always fund it appropriately.

It occupies an awkward but spectacular site, pointing the blunt arrow made between Madison Drive and Pennsylvania Avenue straight at the Capitol. The architect, I. M. Pei, has designed what looks from the outside, and especially so from a distance, like a fortress of some kind, with impressive towers and curtain walls, and deeply guarded entrances; but its elegant geometry, the sharp, clean lines, its sheer and unmistakeable stylishness, make it far from daunting a cultural blockhouse.

And, once inside, Mr. Pei's cleverness is even more apparent. The trapezoid ground-plan is resolved essentially into two triangles, which between them take care of the twin functions of the building, the smaller, right-angled figure housing the study centre, the larger isosceles, the more naturally public part, with its base indeed forming the entrance front, given over to exhibitions.

But entrance brings with it a considerable surprise, for the visitor moves into a large, covered court, ringed by wide balconies, that would seem to use up all the available space, giving us plenty of room to move in: but where on earth is the Art? A huge Calder swings lazily over the central concourse: a large Caro perches oddly on a high shelf, rather losing its true scale—and, apart from one or two other commemorative commissions, a Miro tapestry, a new Motherwell, a dominating Moore outside the door, there is hardly a thing in sight.

There are in fact six exhibitions tucked away somewhere, not all of them equal in size or ambition (more of that in a moment), but all meant to be of some consequence, all of them at least sizeable in some degree. And we come upon them once we penetrate the towers, which each contain suites of galleries on three levels, linked where possible within the curtain wall, providing an exhibition area infinitely more extensive and adaptable than we might at first have supposed. And below ground is the largest exhibition space of all, well able to take the largest of shows and currently full, until September 4, of "The Splendor of Dresden."

The Museum, naturally enough, would wish to bring in this new era in its affairs as it might wish to continue, and all six shows do have a certain portentous air to them: but securing the Dresden show, though it goes on to New York and San Francisco, was a great coup; and here it comprehensively overshadows the others: Sub-titled "Five centuries of Art Collecting," it is a package sent over by the East German Government that is literally dazzling in its detail, disconcerting in its variety, and almost stunning in its splendid whole: which is not to complain, for all that one risks severe spraining of the sensibility with the sudden leaps one asks of it—from armour to porcelain to pictures to diamonds. It is almost too much, like trying to take in the V and A in one go: but not quite.

The Electors of Saxony were at various times, in the sixteenth and eighteenth centuries particularly, prodigious collectors; and their treasures, though now dispersed amongst Dresden's many State museums, are the heart of this show. They are shown to us group by group, museum by museum, masterpiece after masterpiece: and even the most faithful of specialists must be seduced somewhere into at least monetary dalliance with other things. But for me, just as for others it might be the Meissen, or the jade, the gold and silver from the Kunstkammer and the Green Vaults, the paintings and drawings alone would have made the trip worthwhile.

There are gaps and weaknesses, of course, for collecting was ever a personal affair, but it was perhaps a mistake to include the two small groups of nineteenth and twentieth century paintings and posters, for none is exceptional, their range too narrow in such grand company. Friedrich, for example, interesting though he undoubtedly is, seems fussy and mean-spirited placed in such cruel proximity to the exquisite Durers and Cranachs, Rubens and Rembrandts from the Prints and Drawings Cabinet.

As for the old master paintings, there is little to do but list a few of the major treats, the works speaking for themselves. Today we come to know pictures very well, or think we do, from reproduction: and so every museum that is new to us, and every exhibition passing our way, might well contain a favourite, or at least familiar work. We all know the excitement and then the shock of recognition, as we round the screen to confront the reality—fancy that being here.

And so it is that from Dresden come a great Poussin, "The Realm of Flora," "Samson's Riddle" and the "Ganymede" by Rembrandt, a most lovely and piquant Watteau picnic, an exquisite Vermeer, "The Girl at a window, reading a letter," and Metsu and Ter Borch, a fine Wouwermans skirmish, two major Titian portraits and the splendid Godsalve double portrait by Holbein: and Velasquez, Rubens, Tintoretto, Canaletto, Durer and Cranach, and yet more Poussin besides.

In the face of such strong competition the other shows do seem a shade light-weight, easily and admirably showing off what we might call the new Facility, but not stretching and rather disappointing in themselves. Alone, or in other circumstances, they might have done better, each a sound museum exercise; but promotional over-kill suggested they were something more than that. But we must remember the Curate's Egg, and in another article I shall try to distinguish the parts that are excellent.

Elizabeth Hall

Allegri Quartet

The Allegri Quartet is a serial affair. As an institution it will reach its 25th anniversary next season, but the players come and go; the senior member these days is the cellist Bruno Schrecker, who joined the group in 1967. Since last year Peter Carter and Prunella Pacey have been respectively the leader and the violist. On Sunday afternoon the first page of Haydn's G major Quartet, op. 76 No. 1, where phrases are tossed from instrument to instrument, showed how closely matched the current team is.

The Haydn got a cheerful, neatly articulated performance, strongest when most contrapuntal though Mr. Carter's solo burst in the trio of the Menuetto was delightful, like someone negotiating a high-wire at comic speed. Next came Ravel's Quartet, not ideally suave; their refusal to languish over its curves was commendable, but they proceeded rather severely through several pretty events in the first movement which deserve an introductory nod or wink. More bloom on their tone would have helped realise Ravel's more luscious effects. His ingenious thematic connections were made unusually clear, and the Finale — certainly the least convincing movement — sounded tautly purposeful, buzzing along electrically.

The largest work was Beethoven's 2nd "Rasoumovsky" Quartet, Op. 59 No. 2. Here one slightly missed a dominating hand, though all the playing was intelligent; the scale of the piece seemed unwontedly domestic, conversational and intricate rather than commanding. The breadth of the opening Allegro was compromised by the Allegri's tendency to clip rests, even the dramatic ones that punctuate the first subject. The Molto Adagio—"con molto di sentimento"—one sang mildly and sweetly: one might have taken it for an Andantino. There was enough crisp energy in the Scherzo, and the final Presto was full of buffo sparkle, almost Haydnesque. It made an effective performance, but perceptibly underweight. I think the specific gravity of the music calls for a grander manner.

DAVID MURRAY

Letter from Rome

Wedekind & Wagner

by WILLIAM WEAVER

Among the numerous producers of the Italian underground theatre, Memè Perlini is widely—and rightly—considered a leader. In a fairly free-wheeling world, he is notable for imposing discipline on invention, for avoiding the easy ego-trip in favour of dramatic communication. He has, by now, often left his Roman base for wider exposure. Hans Werner Henze invited him to the Montepulciano Festival (where he created a brief scandal by paving a room with dozens of pizzas); at Florence's Maggio musicale he presented a kind of opera, with the composer Marcello Panni.

But he is at his best when he is on his home ground, and he has recently been enjoying an immense success here with a version of Wedekind's *Spring's Awakening*, in the Teatro La Piramide. To understand the performance, you have first to know what this theatre is like: it is created in a vast, low-ceilinged basement, the garage of a huge block of flats in a new, anonymous quarter not far from the tomb of Caius Cestius (the Pyramid in question) and the English Cemetery. The play ranges through this broad, deep area; and the scenery — school desks, a brass bed, a harmonium, a coffin—moves with the players.

The players are very good. Perlini and his collaborator Antonello Aglioti (sets and costumes) use Wedekind's text to their own ends, but they understand and respect its spirit. Oppressive authority (Wendla's mother, the Schoolmaster) is set against turbulent, yearning, confused youth. And the oppression extends beyond the characters themselves: at one point, a looming, menacing World War I armoured car appears, and the tormented boy Melchior helplessly throws stones at it. Melchior is interpreted by Vittorio Vitolo, who manages miraculously to be both chubby and intense. The other bravura performance comes from Lidia Montanari (Wendla), comical and charmingly silly at the start, then gradually more and more moving and disturbing until the harrowing finale of prolonged, unbearable, meaningful screams.

But it is wrong to talk of bravura. Perlini's troupe — a dozen performers in all — is very much a team. They act as a unit, and bravura is not their aim. They create a spell. It lasts for about two hours, and they seem, at the end, too short. The world that Perlini conjures up from Wedekind's play is unpleasant, a horror, but — finally — it is so real and fascinating that you are reluctant to leave it.

The other significant theatrical event at the moment in Rome is the production of Wagner's *Flying Dutchman* at the Teatro dell 'Opera. It is interesting, and heartening, also because it offers an index of the house's continuing climb from the depths of dreariness into which it had sunk during the old management. The orchestra, first of all, is showing great improvement and determination. Lovro Von Matacic, who is conducting these Wagner performances, is no superstar, but a solid technician, and this seems to be what the Roman players need just now. They obviously admire him and respond to him, successfully negotiating all the risky exposed passages of the score (woodwind and brass, especially, seem to be on their mettle). The chorus is also improving, though some steady sopranos would help.

The production is essentially Wieland Wagner's, borrowed from the Teatro La Fenice in Venice, where he staged the work some years ago, with his old Bayreuth staging as guide. Reproduced by Walter Eichner, an old Bayreuth hand, the Wieland view of the work holds up well.

Leif Roar, as the Dutchman, headed the cast. His is not an overpowering voice, but he impressed the audience thanks to his expressive, haunted singing. The character was sometimes immobile, but never static. Janis Martin's Senta, human and intense, had some shrill high notes, but was so engaging that one forgave them. Peter Meven was an earthy, likeable Daland and the rest of the cast did its job more than adequately.

This *Dutchman* was, on the whole, a sound and enjoyable production, the sort of thing one goes to the opera house most of the time to hear, and in Rome—until recently—very seldom heard.

Aldeburgh Festival

A happy medium?

by NICHOLAS KENYON

As spring turns into summer, a perfect Suffolk weekend: the wind violent and invigorating, the sun brilliantly penetrating, the sea a ferment of constant renewal. Snape Maltings retains its unearthly, isolated beauty, with only a busy far-off tractor to disturb our cocoon-like world of artistic indulgence. There are John Piper pictures in the barn, Suffolk Churches photographed in the foyer, and engravings by Reynolds Stone in the bar.

The hero of this year's event is undoubtedly Mstislav Rostropovich. Aldeburgh has given him a home and taken him to its heart—a capacity audience stamped with enthusiasm after his recital on Saturday night—and he, for his part, responded with playing overflowing with generous emotion. His bulging Bach, in which huge waves of impetuous expresiveness quite remove any feeling for the dance rhythms, is not to my taste. His account of Britten's Third Cello Suite was magisterial, though; a perfect matching of technique with content, creating a fantastically varied texture of sounds, by turns yearning, bold, flamboyant and lyrical.

Besides his playing, what will Rostropovich have to offer the Festival now that he has become one of its Artistic Directors? Not much on the evidence of this year's programmes. Inevitable, I suppose, that Britten's works should still provide the highlights of most concerts: his lovely, late, atmospheric *Suite on English Folk Tunes* was the first and best item in the English Chamber Orchestra's concert on Friday night; his *Hymn to St. Cecilia* was inappropriately sung by a solo quintet (though beautifully shaped by Peter Pears' direction) on Saturday afternoon.

But where is the evidence of adventurous renewal? The Festival must find a new voice, and it surely could not be content with this weekend's new work, the European premiere of Peter Racine Fricker's *Sinfonia* for 17 wind instruments. A gritty, nicely-put-together piece, pitting a woodwind band against a brass ensemble, it provided some lively antiphony and lovely solos for Neil Black, but can scarcely be said to be an important work. The rest of the programmes seemed to cultivate miniatures, as if the strain of great music would be too much: a fragment of Janácek, a Poulenc *Sinfonietta*, a Holst *Lyric Movement* . . . The only exception was Beethoven's Fourth Piano Concerto, an odd irruption into the ECO's light programme which misfired completely: Dimitri Alexeev pounded the keyboard wildly, and distorted all the work's meticulous balance and rhythmic precision.

Sunday afternoon brought an interesting revival, however: Handel's *L'Allegro, il Penseroso, ed il Moderato*, given by the Festival Singers and the Northern Sinfonia under Peter Aston in a discreetly cut version including all three sections. *Il Moderato* was often dropped by Handel, for Charles Jennens' feeble vision of a middle way between Milton's two strongly-profiled characters makes a poor conclusion to the piece. But Aston (who had a bad pre-concert fall, which may have accounted for some sluggish tempi throughout the afternoon) showed that this third part is worth doing if only for its languorous duet and solid final chorus. There is much more to revel in, however, in the earlier sections: the large choir characterised well both the hurly-burly of the town ("Populous cities please me then/And the busy hum of men") and the jollity of the countryside ("And young and old come forth to play/On a sunshine holiday.") The astonishing collapse of the latter number into slumbering repose was splendidly done. Special mentions for soprano Norma Burrowes and organist Charles Spinks. It was difficult to avoid the conclusion that Aldeburgh has fallen into Jennens' trap, however: the Festival would do well to follow Handel, and throw aside moderation for a while — a little more passionate joy or melancholy is what Aldeburgh needs, not the present uneasy happy medium.

Festival Hall

Previn's decade

by RONALD CRICHTON

André Previn has completed ten years as Principal Conductor of the London Symphony Orchestra, thus beating all his predecessors, Hans Richter included. On Sunday a large audience came to the Festival Hall to greet him, and to hear him conduct the orchestra and the London Symphony Chorus in Britten's Spring Symphony. They should also have been able to admire their hero in the dual capacity of pianist and conductor: Previn was down to play Mendelssohn's G minor Concerto, but in a way that happens rather too often nowadays plans were changed and the concerto was metamorphosed into Ravel's Second Suite from *Daphnis and Chloe*.

The playing of *Daphnis* was fresh and lustrous enough (mercurial flutings from Peter Lloyd) to make it seem curmudgeonly to regret the *Mendelssohn* — there is always someone hearing even *Daphnis* for the first time and they would not forget this occasion. Actually by far the most startling music and some of the most electrifying playing (in spite of an untidy opening) came in the Berlioz Overture *Les Francs-juges* at the beginning. In days when we are commonly supposed not to know anything about Berlioz, one used to fact to bear, and be thrilled by, this overture more often than now.

The Spring Symphony was given a compact reading more notable than most for symphonic cohesion, with less feeling than usual that the work is a bumper English anthology-cantata, Eng. Mus. mating once again with Eng. Lit. The distinguished soloists, Sheila Armstrong, Janet Baker and Robert Tear, were all a little subdued. Miss Armstrong was sweet and small-scale where a touch of ampleness would not be out of place. Dame Janet was infinitely delicate in "Out on the lawn" but it was the chorus, not the alto, who brought home most sharply the feeling of thirties guilt and unease. Mr. Tear excelled in "When will my May come" but not in the usually irresistible "Waters above." A small contingent of boys from St. Clement Danes tried valiantly to be heard. What made the performance memorable was the singing of the chorus—attack, incisiveness, words, colour; everything.

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Money and wages

THE LATEST earnings survey shows that in the economy as a whole earnings are now 12½ per cent higher than a year ago, while in the production industries which used to be the basis of the survey the increase is 15 per cent. This divergence is a sharp reminder of what almost invariably happens during a period of relatively rapid growth.

This is a slightly disappointing result of a 10 per cent norm, but hardly an unexpected one: the outcome for earnings in the whole economy could still be in line with forecast at 14 per cent or 15 per cent for the whole year, with production earnings perhaps a point higher. It is clear, though, that only a very sharp slowdown in earnings will keep costs in line with current inflation rates, let alone a further reduction in inflation: but it cannot be taken for granted.

Confidence

This conjuncture, which has been seen during the preparatory talking about the next wage round in each of the last two summers, is naturally bad for financial confidence; investors understandably want to wait and see. The point is made with some force in the latest quarterly bulletin from the Bank of England: and when the Bank argues that prospects for growth and real incomes as well as for inflation will be greatly improved if there is a moderate outcome, few will be inclined to argue.

However, there is one point missing from the Bank's analysis. It might be expected that the national monetary authority, responsible for seeing that monetary growth is kept within the official 8-12 per cent range, would offer a further and powerful warning: a sharp rise in costs would immediately *put a strain on the available* sources of credit, with a sharp rise in interest rates and an equally sharp fall in investment.

This admittedly harsh and destructive mechanism is the means by which monetary restraint ensures that inflationary demands in the economy are rapidly self-defeating; and it is the general understanding of these consequences which gives trade union leaders a strong and positive interest in a rational level of settlements.

The Bulletin, however, appears to turn this proposition on its head. It argues that because financial confidence is weak, funding is a problem. Wage restraint thus becomes important to underpin monetary control, rather than the other way round.

The Bank would naturally not wish to defend a system of monetary control which will function only when other circumstances are favourable, but the passive tone of the Bulletin's remarks on monetary developments *comes dangerously* near to arguing that this is in fact how our own system works. There is also a strange lack of conviction about the relation between domestic monetary developments and the exchange rate, when the Bank remarks that the excessive credit creation in the first quarter of the year can hardly have had anything to do with the weakness of sterling, since nobody knew about it until the seasonal adjustments were revised, so that confidence cannot have been affected. The Bank appears obsessed with the effect which expectation and confidence have on monetary *flows, but reluctant to admit* that monetary flows affect markets and expectations. This sounds more like the analysis of bond salesman than of a monetary authority.

Independent

Unfortunately this strange analysis does reflect two realities. British monetary control, which rests so heavily on sales of Government bonds, is excessively vulnerable to uncertainty; and any system of monetary control can be undermined by politicians who think that they can proclaim a monetary target, and a target for domestic credit expansion, and then *withhold stock for fear of a* rise in interest rates and spend the reserves to resist a fall in the exchange rate. A more forcefully independent monetary authority, with more flexible means at its command, would be less vulnerable to speculation and interference. The outcome the Bank so wishes to see—wage moderation and continued real growth—would be much more likely if its own operations were not so dependent on it.

No movement on the West Bank

THE ISRAELI response to American questions about the future in five years time of the West Bank and Gaza Strip has not been as forthcoming and precise as it might have been. In one unfortunate sense this is no surprise because Mr. Menanem Begin, Israel's Prime Minister, is known to have strong views on these occupied areas and their Palestinian inhabitants. At the same time, the statement was bound to be vague because of divisions in the cabinet.

It was not unexpected that the four members of the Democratic Movement for Change, which has in general been opposed to Mr. Begin's policy on settlements in the occupied Arab territories, would not vote in favour of the statement. It was far more serious, however, that Mr. Ezer Weizman, the Defence Minister, a key man in preserving some semblance of a dialogue with Egypt, and one tipped as a possible successor to Mr. Begin, should not be able to support the announcement. Thus Mr. Begin got his majority—but only 14 out of 19 ministers—and avoided the indignity of defeat on a key issue.

Out of touch

Mr. Begin comes across as being out of touch with three groups of people in particular with a deep interest in peace in the Middle East. This stems in part from the historical peculiarity of Mr. Begin's position. After nearly three decades in opposition, and a troubled and painful past first in Europe and then in Palestine, Mr. Begin is acutely aware of the opportunity thrust on him of being the leader who could bring final peace to Israel. But as strong is his immersion in Jewish history which makes him reluctant to be the politician who signs away the historical homelands of Judea and Samaria (the West Bank).

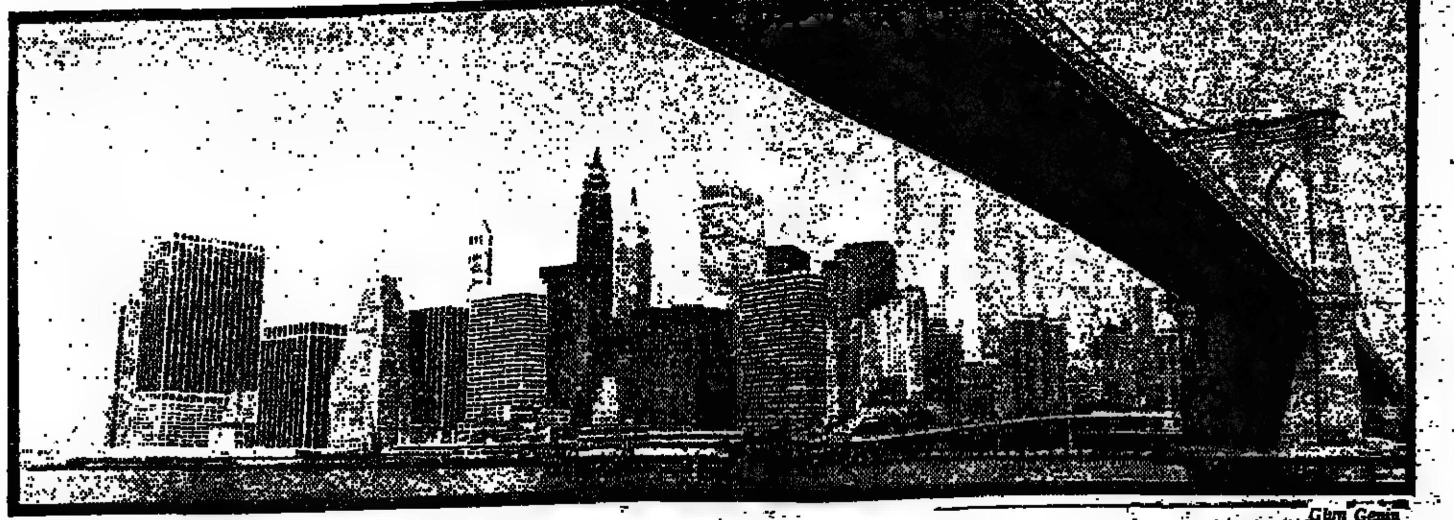
Apart from members of his own cabinet, the first group Mr. Begin seems out of touch with is the Israeli public. The most recent opinion polls indicate that only 42 per cent of the country is now satisfied with the government's handling of affairs, compared with twice that percentage back in November when President Sadat of Egypt visited Jerusalem.

The Americans, the second group which needs to be satisfied, can hardly be content with a statement which admittedly emphasises that Israel is anxious to continue the peace-making processes, but talks only vaguely of consultations, negotiations and "the parties" in response to two questions. The first was to find out what Israel thought would happen after the proposed five years of administrative self-autonomy: the second was to establish how the Palestinians themselves would participate in settling their future thereafter.

The American reaction is closely linked to that of the third group—the Arabs. Egypt's reaction has been low-key, expressing regret that Israel was not more forthcoming and determined to carry on with the search for peace. President Sadat calculates that public opinion both in Israel and the U.S. will eventually bring pressure to bear on Mr. Begin to change his policies. But such are Mr. Sadat's domestic problems that he might well not have sufficient time for this long-haul approach to succeed.

No mention is made of King Hussein of Jordan, and this opportunity to tempt him into joining Mr. Sadat in negotiations has slipped by. This will strengthen the hands of those Arab states which have been arguing that the whole process of negotiations started by the Sadat visit has been a misadventure. Lastly, by offering to negotiate only with residents of the West Bank and the Gaza Strip the Israeli statement takes no account of the many Palestinians who live outside what was once mandated Palestine and have a deep interest in what happens eventually to those areas. It can only be hoped that the Israeli position as outlined by the cabinet on Sunday is not its final word.

New York challenges London



INSURANCE
BY DAVID LASCELLES

NEW YORK has just sent ripples through the insurance industry—and beyond it too — with the announcement of a move to set up its own equivalent of Lloyds of London, paying that institution the compliment of copying it, but at the same time facing it with the threat of competition.

A Bill backed by Governor Hugh Carey proposing amendments to New York insurance law is currently before the State Assembly, and all the signs are that it will be passed before the summer is out, enabling a Lloyds of New York to open in about a year from now.

The real Lloyds has reacted *cautiously, preferring to with*hold any assessment of what it all means until the Bill emerges from the committees writing the fine print. Privately, Lloyds underwriters have pooh-poohed any suggestion of a threat to their unquestioned dominance of the world insurance field. Their view is to some extent shared by New York insurance people who have calculated that the volume of business handled by a Lloyds of New York would be tiny—initially at any rate.

The Bill has earned powerful political backing because its sponsors claim it will bring more business, and therefore jobs and capital, to New York. Moreover, Governor Carey comes up for re-election in the autumn, and every little bit helps. However, the Bill is only one part of a broad move here to reform American insurance law, which is considered unnecessarily restrictive. One of the big arguments marshalled by the reformers is that Lloyds enjoys a share of the world insurance market out of all proportion to Britain's own role *in it. They also say that the way* things work at the moment, insurance is a drain on the U.S. balance of payments because so much business goes to Lloyds.

The clinching argument is that Lloyds operates a restrictive membership policy that makes it difficult for outside brokers to get a fair share of the business. The fact that two major U.S. brokers were recently barred from acquiring a major interest in Lloyds brokerage has demonstrated this.

The U.S. property-casualty insurance industry has historically been tightly controlled at state level. Only licensed or "admitted" insurers may conduct business, and the State insurance superintendent must approve all their premiums and policies. That makes it difficult for companies to *handle any*thing but routine insurance, and as a result "one-off" policies or those needing a very quick response are hard to place. However the rules do say that anyone who has been turned down by admitted insurance companies may place his business in "surplus line" market, which is unregulated, but also unprotected by state guarantees.

The rules in New York are particularly severe, which has forced a lot of insurance companies, including reinsurance companies, out into neighbouring states, creating fears that the industry in New York could in the long run become undercapitalised.

Towards the end of last year, the New York State Commerce Department got together with a New York insurance consultant, Mr. Donald Kramer, to see what could be done. Mr. Kramer, himself a name at Lloyds, came up with a proposal to create a New York insurance exchange closely modelled on Lloyds with the express idea of attracting more capital into the business and restraining the flight of insurance abroad.

This was then worded as a Bill and introduced into the State Assembly last spring.

Mr Kramer's blueprint draws on all the main features of Lloyds including a trading floor where syndicates of brokers and underwriters can conduct insurance business according to the exchange's own constitution. It differs in only two respects: whereas Lloyds insurance is conducted by individuals with unlimited liability, the proposed New York exchange admits the possibility of corporate membership, with members having limited liability but backed by a guarantee fund financed from a percentage of premiums earned. This was a sop to the regulatory authorities.

The Bill mentions three specific areas of business for the exchange: reinsurance of all kinds, direct insurance of all foreign risks, and surplus line or hard-to-place risks.

Were the exchange to get the go-ahead for next year, Mr. Kramer has proposed a minimum initial capitalisation of $60m, made up of 20 syndicates worth $3m each, or some such permutation. On an average underwriting to capital ratio of three to one, that would enable the exchange to underwrite some $180m. worth of insurance straight away.

Critics of the scheme point out that this is a mere drop in the bucket of the $60bn a year insurance market. Mr. Kramer responds in two ways. Much of the new exchange's capital would come from individuals, a previously untapped source representing an expansion of the industry's capital base. Secondly, once the exchange proved itself, it would be bound to grow.

Although initial business would be based largely on what is available in the "surplus line" market, currently worth about $2bn a year, its longer-term future would depend on the enormous reinsurance market.

This poses potentially the greatest threat to Lloyds of London, which relies on U.S. reinsurance for a large part of its business. The New York exchange would have none of Lloyds deeply rooted expertise or reputation, but insurance industry analysts in New York can see a situation where Lloyds might be forced to undercut the U.S. market in order to make it more attractive to U.S. insurers to do business on the other side of the Atlantic instead of doing it on their own doorsteps.

The vision that New York insurance leaders have of the exchange is best summed up by Mr. John Regan, head of Marsh and McLennan, one of the country's principal broking firms. In a recent speech, he said: "Lloyds currently is the world's only central marketplace for reinsurance and for exceptional and difficult-to-place risks. No comparable market exists in this country even though more than 50 per cent of worldwide insurance premiums are produced in the U.S. compared with less than 5 per cent in Great Britain. Lloyds greatest growth and over half of its premium income emanates from this country.

"The New York reinsurance exchange would provide an alternative to Lloyds that would help satisfy the need for additional capacity for reinsurance and special risks. It would also contribute to the repatriation of insurance business that is currently leaving New York and the U.S."

Observers here point out that whatever a *local* Lloyds chances of success may be, it is only one of several changes that are afoot. Along with the Lloyds Bill in the State Assembly is a twin Bill to create a "free trade zone" for insurance in the city. Again, the idea is to find some way out of the choking tangle of regulations, particularly for insurance not directly affecting the consumer.

If the zone is created—and early passage of the Bill is expected, thanks to its strong political backing—it would deregulate large risks ($100,000 premium and more) and specialised or hard-to-place risks in the New York insurance market.

Mr. Hank Greenberg, long a supporter of this scheme, argues that it would bring benefits similar to those for which the Lloyds idea is being promoted: it would give a much needed spur to the insurance industry, and therefore to the city too, and it might stop business *going abroad, again pointing to* a possible diversion of business away from London.

It is a coincidence that the Lloyds and Free Trade Zone Bills should be in the Assembly together. Neither is a prerequisite for the other, and their origins are quite different. But their simultaneous appearance has given a boost to the momentum for reform—quite apart from fanning heated arguments within the insurance industry about the best way to proceed.

But one point can be dismissed. The Bills are not a direct reaction to Lloyds of London's refusal in May to permit Marsh and McLennan, and another large broker, Frank B. Hall, to buy majority interests in two Lloyds brokers. Although developments here look suspiciously like retaliation, they hark back to earlier times, and are nurtured by general feelings about the world insurance market rather than specific grievances.

BANKING
BY JOHN WYLES

AT A TIME when the U.S. regulatory authorities are trying to tighten up the regulations of U.S. banks' overseas operations, a proposal for bringing a major slice of their business back to the U.S. mainland might expect a favourable passage. This is unlikely, however, to be the fate of the plan to establish in New York what has variously been described as a "banking free trade zone," a "foreign banking window" or "domestic international banking facilities." (DIBF). In essence a DIBF would be a New York branch of a U.S. bank which could borrow or accept deposits only from non-U.S. residents and which could make loans only to non-residents for use outside the U.S.

Not surprisingly there is considerable enthusiasm for the plan among New York banks which would be able to reduce the operating costs of their foreign branches and control their overseas operations more effectively. Billed as the most efficient means of recapturing New York's former glory as the world's primary banking centre, the plan offers a boost for local prestige and its sponsors claim a "minimum" increase in local employment of 5,000 jobs. Because it would incur no direct cost to the City or State, the plan's popularity with the state legislature is guaranteed, and enabling legislation has been recently passed which now awaits the signature of the Governor.

But support of local politicians and bank regulators has never really been in doubt. Real concern, however, focuses on the attitude of the Federal Reserve Board in Washington whose towering responsibilities cover a great deal more than restoring a City's faded fortunes. The fragmented indications are that the Fed believes it will have some difficulty reconciling its respon*sibilities for monetary manage*ment and for the health of the U.S. banking system with the establishment of DIBF in New York.

It has not yet received a formal proposal (this will be delivered after Governor Carey signs the New York Bill in the next few weeks) and will admit only that its staff is making a preliminary investigation. But the few public comments made by individual governors of the federal reserve system, notably Mr. Henry Wallich and Mr. Paul Coldwell, have laid heavy stress on the problems which DIBF could create. Most particularly they are worried about being able to prevent abuses which might complicate control and management of the money supply. They appear unconvinced that dollars which supposedly are circulating outside the U.S. would not "leak" back into the domestic economy through the New York banking window. Bankers generally agree that there is some incidence of this through existing offshore operations, and they also concede that the Fed fears that this might happen on a much larger scale.

Supporters of DIBF say they do not understand why this should be of major concern to *the Fed*. All that the proposal would achieve, they say, would be the repatriation, at some benefit to the U.S. Treasury, of activities which many U.S. banks have been forced by circumstance to develop offshore, but which would pose no greater threat to monetary management if they were conducted on the U.S. mainland.

They argue that the expansion of the U.S. offshore banking has been to the greater glory of London, the Bahamas and Cayman Islands, Singapore, and more recently Bahrein.

By 1974 U.S. banks were holding $105.9bn in dollar assets at their foreign branches — more than 73 per cent of this money being in London, the Bahamas and the Cayman Islands. By the end of last year total assets at foreign branches were $193.2bn.

Two other constraints which pushed U.S. banking business abroad and which will strongly influence the future for DIBF are federal reserve regulations "D" and "Q". Regulation "D" requires U.S. banks to maintain specific levels of reserves against all domestic deposits. These reserves must be lodged with a Federal Reserve District Bank and are non-earning assets (although the Fed is at the moment considering whether it should start paying interest). There is, however, no reserve requirement on deposits gathered abroad and held at foreign branches. These funds can be deployed in competition with the many foreign banks which are not subject to reserve requirements by their own central banks. So one key question for the Fed is whether it should waive "D" for international deposits at a New York *bank's DIBF*.

The second question is the amending of regulation "Q" which restricts the rates of interest which reserve system banks may pay on deposits at their domestic branches. In particular the New York banks would want the prohibition lifted on payment of interest on DIBF deposits with maturities of less than 30 days.

The New York State legislature has already removed a further obstacle by passing legislation which would free future DIBF operations from state and city taxes. Implementation of the legislation is conditional on the Fed paving the way for setting up the banking free trade zone in New York. The result would be to lower the tax burden on New York banks from the current 61.4 per cent (combined federal-local) tax rate. This compares with 52 per cent in London, 48 per cent in Grand Cayman Island, and 20 per cent in Bahrein.

No one can say with certainty how long it will be before the Fed pronounces on the issue, but nothing firm is expected inside a year, not least because the Fed is at present grappling with the complex process of tightening the regulation of U.S. banks' foreign operations. The City of London should be watching closely, but not yet losing any sleep about a possible renaissance of international banking in New York.

MEN AND MATTERS

Robins over the water

With not a leaf or twig to boast about, the oil platforms far out in the North Sea hardly appear a bird's natural haven. Yet over 60 separate species, ranging from the Barred Tailed Godwit to the Short Eared Owl, have been spotted from the four platforms in BP's Forties Field.

Amateur bird watchers working on them for BP had been expecting to see a wide range of seabirds such as gulls and auks, petrels and ducks. But they have also been startled to spot ten types of waders, including golden plovers, snipe and woodcock. Five separate birds of prey have also hovered around the helicopter pads. But the most surprising guests have been 28 different species more usually associated with hedgerows and woodlands. These include that rarity of rarities, the Richards Pipit, and Britain's smallest bird, the Goldcrest—*as well as the more common* robins and blackbirds.

The Royal Society for the Protection of Birds tells me that the platforms, 110 miles east-north-east of Aberdeen, are on the "flyways" of the waders as they migrate between Arctic Russia and Scandinavia and Britain's East Coast. As for the birds of prey, such as owls and sparrow-hawks, these, I learn, have periodic "eruptions"—that is when "good lemming years" or good breeding seasons are followed by shortages of food which drive them to hunt elsewhere.

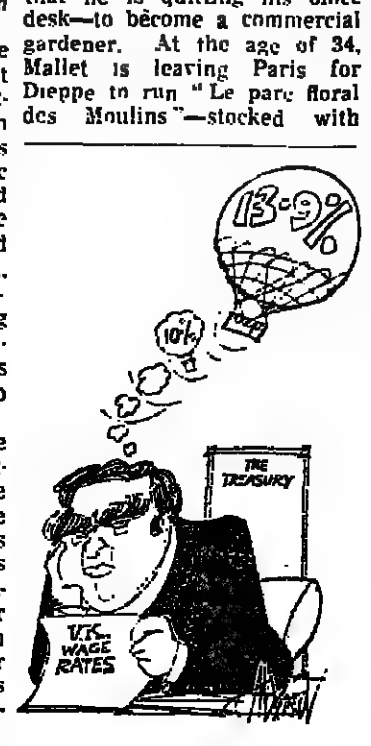
When I asked what birds we regard as essentially stay-at-homes were doing around the platforms, the RSPB said: "More migrate than you think." BP's tales of weary carrier pigeons landing for rest on the platforms led me to ask whether the birds benefited from such man-made islands but its answer was a rather curt negative. Birds know how to handle long distances, I was told, and are liable to roast rather than roost because of the 50-foot gas flares — "particularly when clouds cover the stars and the birds' celestial navigation is out of synchronisation."

The RSPB says 2m seabirds breed around the North Sea and disperse to as far away as South America. "It would have been a wildlife disaster if the Ekofisk blowout in April 1977 had occured in late summer, when all the birds were about."

Earthy life

Last week I reported how the French are becoming a nation of gardeners and avidly buying British lawn-mowers and hedge-clippers. (The news is, incidentally, that in order-book terms the gardening exhibition in our Paris embassy was "a great success.") As if to underline the trend, a well-known French merchant banker, Robert Mallet, has announced that he is quitting his office desk—to become a commercial gardener. At the age of 34, Mallet is leaving Paris for Dieppe to run "Le parc floral des Moulins"—stocked with rare rhododendrons and azaleas.

Passengers arriving at Dieppe by ferry from England can see the rhododendrons, making a vast colourful sweep down to the sea just south of the town. In the gardens is a house designed by Lutyens, and the French Government has classified the place as an historic monument. Mallet inherited the gardens from his grandfather, who founded the merchant banking firm of Neuflitz, Schlumberger, Mallet. The ex-director hopes to open his new venture in a few weeks, with a garden centre and craft shop. "I can't say that I ever liked banking," he says. "But I hope I shall sell enough plants to show I still have some of the family financial acumen."



Film fans

Bureaucrats and parliamentarians from all over Europe gathered in Lisbon last week *for a symposium on the relation*ships between film industries and governments. Taxpayers will be glad to know that the talking was of a suitably earnest and high-minded nature. The one element that seemed to be missing was an actual film, so the Portuguese hosts provided that, by inviting the 150 delegates to see a new prize-winning work about their country called "Tras-os-Montes". Three delegates turned up — two British and one Turk — plus the film's director, who stared at the vast emptiness of the cinema in Lisbon's national library in deep dismay.

One of the two British delegates who did see the film was James Quinn, chairman of the National Panel for Film Festivals. At the next morning's assembly Quinn stood up and blasted the delegates for discourtesy. The parliamentarians excused themselves by saying they had been invited to a dinner. The bureaucrats said nothing. When I spoke to Quinn yesterday he was still fuming. "When you are talking about horses, you should at least look at the stables occasionally," he remarked.

Talking big

As Yugoslavia awaits a valedictory speech from 86-year-old President Tito at the 11th Congress of the ruling League of Communists opening today in Belgrade, the cafes are alive with political jokes. Perhaps the best concerns Mirko, an old-line Stalinist, who decides that instead of going west, he will go to the Soviet Union in search of work. The first letter comes back to his friends. "This place is awful," he writes. "I earn 100 roubles a week, but a fried chicken alone costs eight roubles."

Mirko is soon afterwards visited by the KGB, which warns him of the possible con*sequences of slandering* the Socialist motherland. So in his next letter Mirko writes: "Everything is wonderful here. I earn 100 roubles a week and I can buy a whole fried elephant for a mere six roubles. If you don't happen to like fried elephants, you can always add another two roubles and get a fried chicken."

Get plugged in

Readers may care to keep abreast of the new terminology of work. Yesterday I telephoned a Southern Electricity Board office to ask why a man had *failed to appear to join up some* wires last Friday. "He must have been over-programmed for that day," said a female voice. "You mean he was too busy?" I asked. "Yes. We shall re-programme the work for Tuesday."

Observer

هكذا من الأصل

COLOUR AND FASHION • BY SUE CAMERON

Shades of things to come

FORECASTING COLOURS for the fashion industry is a high risk multi-million-pound business—the only certainty is that the Norwegians and the Japanese never wear purple.

The Japanese eschew the shade because it is an imperial colour: the hard line attitude of the Norwegians is more difficult to explain but presumably they find that purple does not suit them.

Such well documented national idiosyncrasies provide cold comfort for the UK textile and fashion industries. The chief danger to their profits lies not in producing too much fabric of the wrong colour—though that is a risk—but in failing to stockpile enough material of the right colour.

Marks and Spencer, for example, does not have racks of unsold dresses, skirts and shirts in its stores. Yet the company says that if it can meet demand for a newly fashionable colour it can increase turnover by as much as 15 per cent. That could mean an extra £3m worth of sales in a single section of the company. By the same token, a mistake in colour forecasting can lead to a huge loss of potential sales.

It is estimated that about 60 per cent of all textiles manufactured in the UK are made up into clothes with roughly 15 per cent of the clothing industry's total output aimed at the high fashion end of the market where sales are heavily influenced by colour. This means that in any given year sales of approximately 200m square metres of fabric—worth in excess of £300m—would be at risk if the forecasts of colour experts proved to be wildly out.

In practice colour forecasts for women's clothes are largely based on the shades that sold well in the preceding year and this introduces some measure of certainty into the colour business. The entire industry, from yarn spinners to retailers, also does its best to achieve a broad consensus on fashion colours for the coming seasons and this is done on an international as well as a national basis. In some ways colour forecasting is a decidedly cautious and evolutionary process.

Today the public expects to be able to choose from a wide variety of shades and designs. On the other hand people cannot afford to buy themselves completely new wardrobes every year so they also demand a degree of continuity. The forecasters therefore have to come up with colours that will complement those worn 12 months previously while still being different enough to tempt customers into buying. And colour can tempt them — Marks and Spencer says it is the single most important selling point for clothes.

Initial cards

Work on colours and fabrics for a spring-summer or autumn-winter season of womenswear begins two years beforehand. Colour consultants, whether they work for big textile manufacturing concerns or for freelance organisations, have to take into account a wide range of factors when designing their initial colour cards.

Their first task is to look back over the two preceding seasons to see which colours sold well and to try to identify coming trends. It is thought most high fashion colours have a sales life of about three years, beginning often in a small way, reaching a peak in year two and then tailing off. The job of the forecasters is to assess how much vitality is left in the shades that are already popular and to decide which of the new, up and coming colours is ripe for further exploitation.

Two important factors they have to consider are fabric trends and the shape of clothes to come. Softer outlines may call for light, delicate materials and pastel colours while a more tailored look is likely to require heavier fabrics and deeper shades. Judgments in this area are considerably complicated by the fact that textiles are constantly changing in response to the whim of fashion and the advance of technology.

For example, A. H. Beckman, a highly successful converter company—converters are the middle men who buy in grey cloth, have it dyed and printed and then sell it to the garment makers—reckons that about one-third of the fabrics in its range change completely every two years as some materials are phased out and others replace them. Beckman normally has a range of 30 to 35 cloths; so between ten and a dozen of them are involved in the biennial cycle at any one time.

This year the company's range includes 100 per cent cotton muslin which has sold well although from Beckman's viewpoint this particular material "didn't exist a year ago." At the same time the organisation reports that 100 per cent viscose moss crepe, once extremely popular, has now "fallen by the wayside."

The reason changing textile trends are so important for forecasters is that they have a strong influence on clothes design and therefore on colour. Some materials also look much better in certain colours than in others. For example, velvet has far more appeal when it comes in rich, dark colours than when it has been dyed mauve or yellow.

In addition to fabric trends and overall dress design there are often a number of maverick influences which can have a considerable impact on final sales figures and which colour forecasters have to take into account. For example, punk rock, with its vivid kitsch colours is now filtering through to the general public in a modified form—last month the National Association of Scottish Woollen Manufacturers said its fabric collection for next year's spring-summer season would include "flashes of neon colour such as fuchsia pink and electric blue."

Experts

Once individual colour experts have completed work on their initial shade ranges, those working for the larger manufacturers and for the better established consultancies take their ideas to the British Textile Colour Group. This is where suggestions are discussed and hardened up or rejected. It is also where a British colour card, showing agreed shades for the coming season, is produced.

The British Textile Colour Group was formed in 1976 at the instigation of Deryck Healey International, a colour consultancy. It is the successor of the British Colour Council which lasted from 1931 to 1974 when it proved too unwieldy a body to be any longer viable.

Among the organisations that send representatives to the British Textile Colour Group are ICI, Monsanto, Courtaulds, the International Wool Secretariat, the International Institute for Cotton, Tootal, Klopman and the Clothing Export Council. Many other countries have similar national groups that produce shade cards and act as a forum for the discussion of colour trends. France, for example, has the Comité de Co-ordination des Industries de la Mode, which is subsidised by the French Federation of Textiles and Clothing Industries.

Once national colour cards have been produced they are taken forward to one or other of the various international colour organisations. The British card goes to Intercolor which is attended by representatives from Austria, Belgium, Bulgaria, Canada, Czechoslovakia, East Germany, West Germany, France, Holland, Hungary, Japan, Poland, Romania, Spain, Switzerland and the U.S.

The Intercolor meeting is brief and decisions on the international colour card seem to depend largely on who can shout loudest. Certainly, far less thought is put into the international shade card than into individual national ones, but the exercise is none the less valuable.

Modifications are usually made to initial colour ranges. For example, the colours of any cloth destined for the mail order market have to be given special consideration. Roughly 17 per cent of all womenswear is sold through mail order in the UK. In 1976 total mail order sales of women's clothing were estimated at £360m. It is therefore essential that all the colours used should look good not only on the finished garments but also on the printed pages of the catalogues. And it is important to ensure that only colours which can be accurately reproduced in print are included in a mail order range.

The deadlines to which colour forecasters have to work vary considerably. When yarn is dyed before being woven or knitted into fabric, information on colour is required early. Spinners need information about 18 months before a season to market to weavers and knitters who will want to start production at least 15 months ahead of a given retail season. Some time will then be spent making up fabrics which have to be ready for the garment makers between nine and 12 months before the season begins. But woven or knitted fabric can also be dyed in the piece and this gives manufacturers and converters more leeway on timing.

The dyeing process itself presents comparatively few problems though occasionally there are not sufficient stocks of a particular dye to meet demand—this happened a few years ago when there was a sudden call for a crushed bilberry shade. Dye manufacturing lead times are fairly long—between three and 12 months—so if stocks do run out the potential sales of a certain colour for that season are lost.

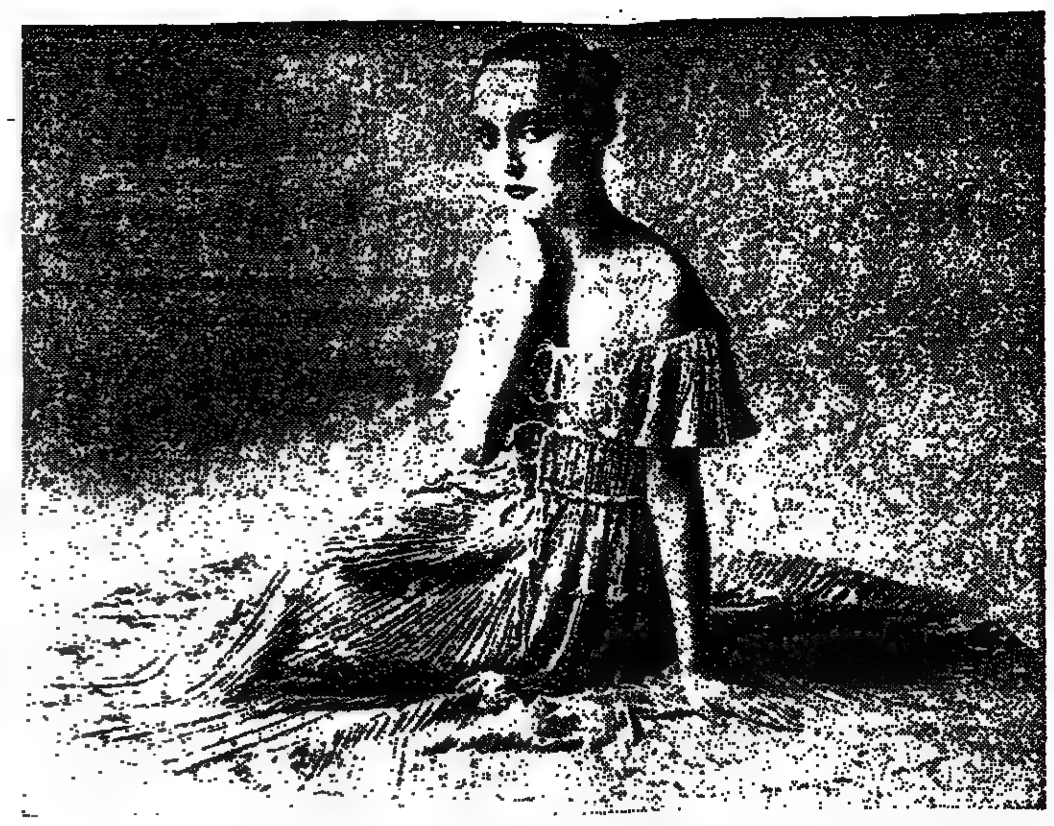
As soon as converters and big textile manufacturers have decided on their colour ranges they start sending out samples—usually only to a small number of their bigger customers.

Tootal reckons to spend between £150,000 and £200,000 on the initial sampling of just eight of its new, piece dyed cloths, each of them in 12 colours. This would represent only a tiny proportion of the company's complete plain dye range and it would exclude Tootal's colour wovens and prints.

One way of reducing risks with piece dyeing is to order quantities of grey cloth well in advance while at the same time reserving dyeing capacity. To some extent at least, final decisions on colours can then be left until after sampling has been completed and analysed.

But despite sampling exercises and the efforts of colour forecasters to predict trends and capture the imagination of the public, things can still go wrong. Marks and Spencer says there is always a chance that a colour will "come from nowhere" and take off. But once the season has started it may prove impossible to meet demand.

The outlook for women's clothes for the coming winter and for spring-summer 1979 is — literally — brighter. The winter will see brighter colours appearing in the shops albeit mixed with some grey neutral tones. And the British Textile Colour Group card for next summer features a range of what it calls "lollipop" shades. This, at any rate, is what is planned. Ultimate sales will depend on the feminine whim.



Floral prints such as this in blue or pink are in fashion for this summer season.

Letters to the Editor

Defining audit qualification

From Mr. D. H. Cairns

Sir,—It would appear from Michael Firth's article (June 15) that the stock market understands better than he what is and what is not an audit qualification.

The two types of "qualification" ("subsidiary audit" and "SSAP concurs"), which gave rise to the smallest movement in share price are merely explanations.

The departure by a company, with its auditors' concurrence, from an accounting standard is an indication that to comply with the standard would have been misleading. Consequently, the accounts still show, without qualification, a true and fair view.

The reference to subsidiaries being audited by other firms does nothing to absolve the holding company's auditors from the duty to report on the group accounts, nor does it imply any part of the accounts are in any sense unsatisfactory. The statement is therefore meaningless to the users of accounts and it is time auditors stopped using it.

One of the objectives of the recently published draft auditing standards was to encourage auditors to make their reports clearer to the users of the accounts. This is a campaign I would support wholeheartedly. Nevertheless, Michael Firth's conclusions seem to imply that, whilst he is not always clear what is and what is not a qualification, the stock market is. It was perfectly right not to react to the two types of "qualification."

D. H. Cairns,
12, Fernley Court,
Harrow Lane, Maidenhead, Berks.

And the effect on share prices

From Mr. Ian Wittet

Sir,—Any attempt to quantify the impact of audit qualifications on share prices in the way described by Dr. Michael Firth (June 14) must be welcomed in such an otherwise imprecise field.

The study examined the movement of share prices around the time of the release of the audit qualifications for 247 companies. If, as was implied, the date in question was that of the publication of the Annual Report and Accounts it would appear to be naive in the sphere of correlating statistics to assume that the only paragraph in the Annual Report which affected the share price was the audit report. There may have been some way of isolating the effect of the audit qualifications from the other information appearing at the same time (such as the chairman's review). In the absence of this, however, it would appear to be unlikely that the statistics can be relied upon to demonstrate that: "Clearly investors were using the audit qualification to alter the values of these securities."

Ian Wittet.
24, Teviotdale Place, Edinburgh.

Implications of Proposition 13

From Mr. A. Henney

Sir,—Lombard's piece "The dangers of Proposition 13" on June 15 is too sanguine in its hope for rational tax reductions. It is of course in principle possible to reduce public expenditure by 20 or even 30 per cent and still maintain as good services by a combination of greater productivity, reallocation of resources from declining to increasing social needs, curtailment of unproductive political ventures and reduction in over-generous subsidies. If it were done carefully over 5-7 years it should be possible to do it without causing undue increase in unemployment.

But do we live in the best of all political worlds? Despite ritual protests, only a minority of public officials and few politicians (of any party) are interested in doing anything to gain value for money (indeed many do not understand the concept, and some abhor it). This is not surprising because they are neither rewarded nor constrained by efficiency, nor do they get pleasure out of the conflict involved. Most politicians seek election "to do things," and doing things costs money. Once elected, they find, that public expenditure provides power, patronage, and publicity, gifts which few relinquish voluntarily. Much of the political calculus is the balance between buying critical floating votes at the margin at the expense of either a large levy on the majority, while avoiding directly confronting major vested interests. Consideration of efficiency and equity is almost accidental. Over time the little levys mount and major interests consolidate.

We have recently reached the expenditure stops, and cut back a few per cent (mainly borne by the private sector). This is easy compared with a significant reduction in public expenditure. The Government appears reluctant to provide even the basic tools — freedom of information and powerful investigative committees. Surely the odds on rational and considerate self-reform are low. To avoid either more of the same, or possibly a big upheaval which would invariably hurt the weakest, perhaps we need a more gentle British form of Proposition 13. Each party might make an election offer to hostage to fortune a statutorily binding referendum for a moderate percentage tax reduction (chosen by the party) for implementation 18 months afterwards. In this fashion individual politicians would not have to carry the opprobrium of unpleasant decisions if the electorate called for cuts.

A. Henney.
38, Swains Lane, N6.

Who should decide to cut

From Mr. T. G. Arthur

Sir,—I was saddened to see Peter Riddell (Lombard, June 15) repeating some of the fallacies surrounding public spending, and indeed committing an error identical to that of which he accuses the referendum voters in California's Proposition 13.

He argues that the referendum route does not allow a balanced consideration of the consequences of tax-cutting, accuses voters of seeing only one side of the question, and prefers that decisions of this nature should be taken by "representatives."

The first major flaw here is that if voters cannot be trusted to take proper decisions on specific issues which directly concern them, their decisions in choosing representatives must be classed as almost worthless. The chain via which a voter's wishes on specific issues are reflected in policy, when all he can do is to put a cross by the name of a candidate, is so weak that no incentive whatsoever is given to the sensible casting of votes.

Second, representatives do not normally know what the wishes of the population are. And even if representatives did know, it is highly doubtful whether they would act accordingly. The trouble with representatives is that they have their own interests to guard and expand; these interests nearly always point to bigger government.

The "Choice in Welfare" surveys of the Institute of Economic Affairs admirably illustrate this contention. As early as 1963, when public spending in real terms was little more than half its current level, these surveys were suggesting that the public would prefer a much lower State element and a much higher private element in education, health, and welfare. But what has happened?

So much for representatives. Mr. Riddell would next have us believe that voters don't know what they're about; they only consider half the question. Yet surely Mr. Riddell is guilty of this very error, in telling us that public spending cuts will lead, in the long term, to inadequate services. The other half of this question is that public sector losses are private sector gains. Individuals are quite capable of spending money (indeed they do) on private education, private charities, and even private protection services. (There is more to protection than driving about looking for criminals.) Private institutions in these areas are quite capable of expanding to match and will not take long to do so. And what on earth makes Mr. Riddell think that public welfare, dished out by representatives, is of net benefit to the poor?

It is not at all surprising that voters are beginning to take matters into their own hands. What else can they do, after helplessly watching the inexorable growth of the Government machine, year after year? And after all these years, Mr. Riddell's most sympathetic comment is that "there is certainly a strong case for limiting the growth of the public sector." Limiting the growth! No phrase could better illustrate the gulf between the representatives and the people!

T. G. Arthur.
3, Yateley Road,
Edgbaston, Birmingham.

Cheap calls on bank holidays

From Mr. Harry Verney

Sir,—Mr. Buzby urges us to telephone more, have extra telephones, etc., but he could increase my usage of the telephone by extending the cheap rate to all day on a bank holiday, when I am sitting in my home branch rather than in my business tree!

The cheap rate happens at Christmas and the New Year, but please will the Post Office extend this to other bank holidays?

I appreciate that telephone operators may need the day off, but surely putting at least dial calls on to cheap rate would encourage us to buzz our friends more!

Harry Verney.
Edgehill Camden Park,
Tunbridge Wells, Kent.

Claiming on knock for knock

From Mr. Allan M. Corey.

Sir,—I write with reference to your article "Defeating Knock for Knock" on page 6 of your last Saturday edition. I fully agree with your correspondent that should the other party in a motor accident be 100 per cent to blame then he should be pursued for 100 per cent of your losses — but to comply with your own insurance policy conditions and to maintain utmost goodfaith the incident should be reported on the appropriate form to your own insurers. This company handles approximately 1,500 motor accidents per annum and wherever possible we pursue 100 per cent claims against the third party on behalf of our clients.

The "knock for knock" agreements are, of course, agreements between insurers only, and policyholders and indeed their insurance brokers are not party to such agreements. Having said that we thoroughly agree with your correspondent we have been told by one of the leading motor insurance companies in this country that if we continue to handle motor claims in this way (which they argue is professionally against the spirit of the agreement!) then such company will not accept any further business from us.

I thought I would bring this point to your attention as a reader who took your correspondent's advice should be aware that in some circumstances he could prejudice his future insurance position. I am quite sure your correspondent will cry out that I am totally wrong, but if he cares to speak to me on the telephone can give him full details.

Allan M. Covey, director,
Covey & Somerset (London) Ltd.
141, Cricklewood Broadway,
NW2.

Time to deliver a letter

From Mr. J. H. Hurst

Sir,—Anent Mr. Riley's letter (June 16), may I underline his comments re the Post Office.

In my business life I find, generally, that letters carrying both first class stamp and the relevant postcode, do tend to arrive at their destinations within an average of 24 hours, across the country.

In particular, may I add a word of praise, and thanks, for the postmen of Maidstone for their efforts this week.

My grand-daughter wrote from South-West London to thank my wife for her birthday present. She is six, and her covering envelope was addressed as follows:

Mrs. Hurst, Willerheath Rd.,
Coxhurst, Maidstin.

That letter was posted on the afternoon of June 13 and delivered on the morning of June 15. Full marks to the Kent Post Office.

J. H. Hurst.
"Jasmarda,"
20 Wilberforce Road,
Coxheath, Maidstone, Kent.

Transport strategy

From the President, The British Transport Officers' Guild

Sir,—You report and leader (June 14) on the Greater London Council's 15-year plan for London's roads highlight the reason why so many similar schemes receive a "luke-warm welcome" and/or "generate major rows" between the political parties.

While your leader writer welcomes the GLC "fulfilling its role as a strategic planning authority," the question that must be asked is how logical and practicable are the proposals from a total transport strategy point of view?

For example, your leader despairs of "road freight from the Channel ports" clawing "its way through London's inadequate road systems for many years yet." Don't we all? But do we really need new roads to correct this situation?

We have no doubt that the GLC has views on the total transport situation and where and how investment in the various transport modes would be most effective. It is to be hoped that the absence of reference to them in the report is not due to the complete omission of such an important matter from the report itself! To produce proposals in a report of this kind without taking the opportunity to indicate total strategic thinking would only fuel sterile arguments.

Henry Haydon.
Room 307, West Side Offices
Kings Cross Station, N1.

Today's Events

GENERAL

Unemployment figures and unfilled vacancies (June provisional).

Mr. Denis Healey, Chancellor of the Exchequer, meets CBI in discussions on moves for shorter working week

Second day of Ministerial meeting of EEC Agriculture and Fisheries, Luxembourg.

Meeting continues in Washington between trade negotiators for U.S., EEC, Japan and Canada in talks to narrow outstanding differences.

British Institute of Management conference "Energy 2000"—speakers and panellists include leaders of UK's energy industry and those responsible for formulating a national energy policy, Mount Royal Hotel, W1.

Second of six planned monthly gold sales by U.S. (each of 300,000 ozs) to re-establish stability of the dollar in foreign exchange markets.

Yugoslavian Communist Party Congress opens, Belgrade (ends June 23).

Second in series of Department of Industry international conferences on Computer Aided Manufacture, National Energy Laboratory, East Kilbride, Glasgow (until June 22).

Liberian Board of Inquiry into Amoco Cadiz disaster continues in London.

Union of Independent Companies' statement on industrial strategy.

Robert Von Hirsch collection sale begins, Sotheby's, New Bond Street, London (until June 27).

Confederation of Health Service Employees' conference continues, Scarborough.

British Army Equipment Exhibition continues, Aldershot.

National Graphical Association conference continues, Isle of Man.

Lord Mayor of London attends piano recital given by Professor Irene Kohler in aid of the Malcolm Sargeant Cancer Fund for children, Mansion House, EC, 7.30 pm.

PARLIAMENTARY BUSINESS

House of Commons: Northern Ireland orders, including ones on education, pollution and planning.

House of Lords: Electricity Bill, second reading. National Health Service Bill, second reading. Scotland Bill, report stage, final day. Protection of Children Bill.

OFFICIAL STATISTICS

New construction orders (April). Gross domestic product (1st qtr. provisional).

COMPANY RESULTS

Allied Breweries (half-year). Plessey Company (full year). Powell Duffryn (full year).

COMPANY MEETINGS

Beralt Tin Wolfram, Connaught Rooms, Great Queen Street, W, 12. Bodycote International, Manchester, 12.30. Brocks, Poole, 10.45. Estates Duties Investment Trust, 91, Waterloo Road, SE, 10.45. W. Runciman, 32, Leadenhall Street, EC, 12. Vernon Fashion, Great Eastern Hotel, EC, 12.

COMPANY NEWS + COMMENT

Dawson Intl. expands to peak £15½m

A RECORD pre-tax profit of £15.53m compared with £10.37m previously is reported by Dawson International for the March 31, 1978, year. Turnover of the textile group climbed from £67.26m to £82.6m.

At halfway when profit was ahead from £3.94m to £5.65m directors predicted that the second half result would exceed the first six months profit.

They now say that the group advanced strongly in the year but that the unusually favourable conditions which applied are unlikely to be exactly repeated this year.

Although sales volumes and margins are therefore likely to be lower the group is well able and better equipped to meet this, they say. Current order books are satisfactory against budget.

During the year the investment in the associate company Amicale Industries of the U.S. was disposed of for £1.21m, and the difference between this figure and the group's share of consolidated net assets of Amicale has been charged against trading profit.

Associate contributions are shown as nil against £0.62m previously.

Earnings per 25p share are shown at 39.1p (25.1p), and the final dividend of 1.9824p lifts the total from 3.3323p to 3.7219p. If the rate of ACT is reduced a further 0.03p will be paid, and dividends will be substantially increased if dividend restraint is lifted.

In the year net liquid resources increased from £5.79m to £13.44m, making up a large portion of £26.97m (£16.99m) current assets figure. Total net assets employed stood at £33.1m (£23.89m) at balance date.

Directors say that coupled with the strength of the balance sheet the potential of the group will be further developed in the current year. They are looking at ways of broadening its base by both internal development and acquisition.

	1978 £000	1977 £000
Sales outside the group	82,597	67,262
Depreciation	1,445	1,100
Trading profit	15,562	9,978
Interest	52	224
Assoc.	—	[illegible]
Profit before tax	15,536	10,374
Tax	7,058	4,922
Net profit	8,472	5,452
Extraordinary debits	[illegible]	[illegible]
Attributable	8,478	5,114
Dividends	830	739
Retained	7,648	4,375

* Credits

INDEX TO COMPANY HIGHLIGHTS

Imasco sales growth set to continue

Sales of Imasco, the largest division of Imperial Tobacco, are expected to continue on an upward trend in the current year, say the directors in the annual report. Last year, sales rose 8 per cent to $855m.

The tobacco division has started a $23m five-year programme to upgrade production facilities at all its plants, while earnings in the food division should increase in 1979—sales last year were down 11 per cent at $220.1m due to the sale of two U.S. West Coast operations.

The directors add that all the company's retail operations are expanding and the outlook for the current year is for increased profitability.

J. Spear falls in final half

ALTHOUGH SECOND half profits dipped from £1.55m to £1.36m, J. W. Spear and Sons, toy and games manufacturer, ended 1977 with profit marginally ahead from £2.27m to £2.34m. Sales rose from £5.85m to £6.96m.

At half-way profit was up from £0.72m to £0.99m and directors said that although sales in the second half were expected to be higher, material and wage costs had risen, making it impossible to predict profits.

They now say that the value of home market orders received to date is similar to that of last year, but the demand for its products overseas is lower. In view of the world economic conditions it is difficult to see an improvement in coming months, they say.

The profit includes a £27,382 (£70,418) contribution from an associate partnership, and is subject to tax of £0.96m (£1.15m).

Earnings per 25p per share are shown at 33.3p against 26p last time, before an exchange loss of £1,328 compared with a £121,422 gain previously.

The final dividend of 1.2144p net takes the total from 1.60327p to the maximum permitted 1.8724p. If ACT is reduced a supplementary payment will be made.

	1977 £	1976 £
Sales	6,959,687	5,851,764
Associated	27,382	70,418
Profit before tax	[illegible]	[illegible]
Tax†	957,140	1,149,845
Net profit	1,388,648	1,113,468
To minorities	42,771	48,849
Exchange loss	1,328	*121,422
Attributable	1,341,547	1,171,061
Dividends	73,815	68,781
Retained	1,268,732	1,102,680

† Includes £134,156 (£96,436) deferred. * Gain.

The net final dividend is 0.957p raising the total payment for the year from 1.573p to 1.757p.

Tax for the 12 months took £181,843 (£138,972) and there was an extraordinary credit of £3,359 (£124,793 debit). In addition there was a transfer to capital reserve of £1,004 (£124,798 from reserves).

The group's properties were independently revalued at March 31, 1978, and the aggregate open market value amounted to £6,724,750. This resulted in a gross surplus over book value of £2,523,235, which has been credited to special capital reserve.

Property Partnerships makes headway

For the year to March 31, 1978 Property Partnerships reports an advance in pre-tax profits from £219,764 to £313,867.

At midway the rise was from £95,484 to £158,084 and the directors said they were confident that accounts for the full year would display strength, potential and the increasing profitability of the business.

Allied Plant picks up

PRE-TAX PROFIT of Allied Plant Group showed an increase in 1977 to £242,000 against £226,000 in the previous 13 months, in spite of the exclusion of any profit from Reynards (Excavation), which contributed £42,000 in 1976 before it was sold.

The directors' mid-way forecast that second-half profits would show an improvement proved to be well founded, for at half-way a decline from £170,000 to £92,000 was reported.

	Year 1977 £	13 months 1975-76 £
Turnover	5,326,242	4,071,549
Trading profits	578,649	425,600
Reynards (Excavatns.)	—	42,157
Vardella Prop loss	26,019	170,274
Holding Co. expenses	61,647	71,444
Profit before tax	242,983	226,015
Tax	38,318	20,460
Net profit	203,665	206,555
Extraordinary debit	*98,083	†95,348
Available	610,341	705,172
Dividends	70,500	28,725
Capitalisation issue	306,024	112,500
Pre-acquisition profits	—	48,548
Retained	242,117	310,538

* A rise in connection with Reynards (Excavations), those in 1977 being mostly on account of net assets no longer consolidated following the sale of the company. † Credit arising from release of a provision no longer required and from profit on disposal of a property.

They now say that with the sound base established in 1977—a year of consolidation—and the upward trend in trading results, the group is pressing ahead with expansion of the most profitable areas of its operations—structural engineering and hire of fork-lift trucks. In addition the directors continue to look at possible acquisitions that will complement and develop existing activities.

current year should be a record. All the group's companies have exceeded their profits for the comparable period last year and their order books are approaching capacity.

As already forecast the final dividend is 0.405p net for a 0.705p (0.4287p adjusted) total on stated earnings of 2.26p (2.29p) per 10p share.

The dividend increase, for which Treasury consent has been given, is recommended in the light of encouraging results for the first five months of 1978, says Mr. Michael Heathcote, chairman.

He adds that although trading conditions in the building industry continue to be difficult the current year should be a record.

Upturn at Blyth Greene

WITH ITS industrial division turning round from a £360,000 loss to a £153,000 profit, the pre-tax profit of Blyth Greene Jourdain and Company jumped from £0.94m to a record £1.31m in 1977.

The result is after loan stock interest of £132,000 (same) central expenses of £260,000 (£161,000) and unallocated interest of £127,000 (£89,000). After tax of £704,000 (£874,000) and extraordinary profits of £80,000 (£27,000 loss) attributable profit came out at £681,000 (£43,000).

The unquoted company, which has close status and is 29.9 per cent owned by John Swire and Company, has paid dividends of £95,000 (£4,000).

Directors say that although the 42 per cent owned Sharikat Harper Gilfillan Berhad achieved only a modest increase in trading profits, a greatly reduced tax charge and the surplus arising from sale of part of the goodwill in W. R. Loxley and Company to Swire Pacific in Hong Kong helped to bring about a significant increase in the attributable profit.

Trade in Malaysia and Singapore is recovering gradually. The joint company formed with the Armed Services Co-operative Society in Malaysia had an excellent year; as did the Australian subsidiary.

The new joint company with the Swire Group in Hong Kong specialising in the marketing and distribution of consumer goods has strong growth prospects as does Associated Liquor Distributors, the new joint venture with Martell and Company of France.

The overall advance in results achieved by the Harper Gilfillan Group to date in the current year is in line with budget.

Arrangements have been finalised to increase the group's holding of ordinary shares in SHGB from 42 per cent to 49.9 per cent. It is hoped that the group will benefit further from the economic growth of South East Asia, which is projected at the highest rate in the world over the next five years.

Ireland Blyth had another good year despite the adverse effect of lower world sugar prices on the economy of Mauritius.

Blyth Greene Jourdain (Canada) had a successful year's trading, however, in London, two of the commodity trading departments suffered a setback.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Gt. Northern Inv. ......int.	1.29	Aug. 16	1.15	—	—
McInerney Props. ......int.	2	July 28	Nil	—	Nil
Petbow	3.61‡	July 21	4.95	8.61	7.78
Dawson Int.	1.98	Aug. 29	1.98	3.72	3.33
Allied Plant	0.41	July 28	0.28*	0.71	0.43§
Baraoora Tea ......2nd int.	10	July 27	Nil	20	Nil
J. W. Spear	1.23	July 28	1.11	1.87	1.69
Bell and Sime	3.94	July 21	3.39	4.82	4.27
P. J. Carroll ......int.	2.15	July 7	1.79	—	6.06
Chamberlain Phipps	1.24	Aug. 15	1.49	2.14	1.94
J. H. Fenner ......int.	3	Sept. 4	2.75	—	6.7
Lilleshall	1.25	—	0.5	1.75	1.5
London Sumatra	4	Aug. 10	2	4	2
Noyapara Tea ...... int.	20	July 27	—	20	Nil
Property Partnerships	0.96	—	0.82	1.76	1.57
Shaw and Marvin	Nil	—	0.35	Nil	0.7
Sterling Inds. ......2nd int.	0.92	Aug. 9	0.9	1.27	1.15

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional amount to be paid if ACT is reduced. § Adjusted annualised equivalent.

Chamberlain Phipps 52% higher at record £3.2m

AFTER RISING at halfway from £0.84m to £1.24m taxable profit of Chamberlain Phipps jumped 52 per cent from £2.1m to a peak £3.19m in the March 31, 1978 year on turnover 12 per cent higher at £51.44m against £45.89m.

At halftime directors were optimistic that results in the second half would continue to progress, and now say that the shoe components and Phipps-Faire divisions had a good year.

The moulding division profits improved substantially following a rationalisation programme, and sales and profits improved in the general industries division.

A satisfactory result is expected for the current year despite the continuing difficult worldwide trading conditions.

Of the turnover figure, UK customers accounted for £36.34m, overseas customers £7.85m and sales by overseas companies £7.25m.

The result is subject to tax of £1.23m (£0.65m). After minority interests of £172,000 (£112,000) and extraordinary profits of £60,000 (£26,000), attributable profit was £1.85m (£1.37m).

Earnings per 10p share are shown at 7.97p (5.98p) and the final dividend, although down from 1.49p to 1.239p, takes the total from 1.938p to a maximum permitted 2.139p.

The group makes components and materials for the footwear, clothing and automotive industries.

● comment

Chamberlain Phipps has had a very good year with pre-tax profits up by over 50 per cent. There is an element of recovery from the moulding division though elsewhere all areas registered "real" growth. General industries is up 78 per cent—an area which takes in automotive trim and engine parts, wallcoverings, adhesives and packaging. At present CP is supplying all the major European and Japanese vehicle manufacturers and is now on the point of breaking into the U.S. market. Its trim products have been accepted by a major U.S. motor group and the company should start supplying before the year end. The UK footwear market offers a major component supplier such as CP very little chance for growth but the company is improving its margins, though its real drive must come from exports and its overseas factories. Overall expectations for this year should be in the area of 15 to 20 per cent growth in profits, though the hefty capital expenditure which is planned—£2.7m has already been authorised with a lot of expansion in "general industries"—and the major U.S. contract could result in added impetus in the latter months of the year and into 1979-80. The company also plans to move into the U.S. footwear component market from its Canadian base, with the aim of setting up a factory there. At 46p the p/e of 5.6 and yield of 7.2 per cent. looks about fair for the footwear industry, but ignores the automotive side which could give it a better rating.

Sterling Inds. improves

EXCLUDING £113,000 against £111,000 from Crewkerne Investments, pre-tax profit of Sterling Industries, engineer, moved ahead from £606,000 to £933,000 in the year to March 31, 1978.

At midway when reporting an advance from £261,000 to £474,000 the directors said that the second half profit would not be significantly different than that of the first.

The second interim dividend is 0.9192p net for a 1.2692p (1.15p) total on stated earnings of 2.71p (1.917p) per 2½p share. If the rate of tax is changed a final dividend will be paid at a later date to ensure the gross total is up to the limit permitted.

Milton Heath Engineering was acquired during the year in order to secure for the group a facility for developing and extending its range of products.

	1977-78 £	1976-77 £
Turnover	4,875,000	4,175,000
Group trading profit*	933,000	606,000
Tax	485,000	314,000
Share of Crewkerne Inv.	113,000	111,000
Making	561,000	403,000
Extraordinary debits	†27,000	—
Available	534,000	403,000
Preference divs.‡	19,600	19,600
Ord. interim	70,000	80,000
Second interim	165,840	180,000
Retained	278,440	218,600

* Excluding Crewkerne Invs. † Comprise: Excess of cost of shares in Milton Heath Engineering over value of net tangible assets acquired £102,000, surplus on disposal of investment in The Newall Machine Company £89,000 and taxation on capital gain £14,000. ‡ Including payment on account of arrears.

Earnings per share are shown at 100.1p (67.1p).

The company has received the remittance of profit from the operating company in Bangladesh in respect of 1976 but the company's plans for a capital reduction have met with preliminary refusal from the Inland Revenue.

The company is to make further representations but in the meantime is paying a 20p net per 50p share interim dividend which will cost £15,000.

Chas. Walker tops £200,000

Pre-tax profit of Charles Walker Consolidated expanded from £157,097 to £205,178 in 1977 on sales ahead at £3.61m, against £2.9m.

Considerable effort continues to be put into diversifying the group from dependence on the textile industry. These efforts are beginning to show considerable promise and, if the current momentum can be maintained, 1978 should again produce a reasonable result, the directors say.

Aftr tax of £112,643 (£103,100) net profit came out at £92,535 (£53,997). There was an extraordinary loss of £14,392 this time and dividends cost £18,005 (£16,384).

Lilleshall recovers

A recovery in pre-tax profit from £27,846 to £130,305 is reported by Lilleshall Company for 1977 from turnover slightly lower at £0.86m compared with £0.97m previously.

The result is after depreciation of £132,005 (£117,602) and interest of £126,242 (£124,526) and before a tax credit of £19,381 (£20,983).

Mr. Allan Pike, the chairman, says that in the steel stockholding division the profit contribution was only a third of the previous year after it was being adversely affected by the general recession in the steel industry.

With engineering, total turnover was increased and trading losses were reduced considerably.

On the steel rolling side the first phase of the new plant is proving its worth.

The company will prosper in the future given reasonable trading conditions, Mr. Pike says, and profit, so far this year is ahead of last year.

Earnings per 10p share are given at 6.5p (1.9p) and the final dividend of 1.25p net takes the total from 1.5p to 1.75p.

John Swan makes headway

On turnover up from £545,117 to £639,308, John Swan and Sons, livestock auctioneer and estate agent, reports pre-tax profits for the year to April 30, 1978, ahead from £161,619 to £187,586. At halfway the advance was from £136,000 to £141,800.

Yearly earnings per £1 share are shown to have risen from 41.9p to 51.9p and the dividend is lifted from 19.505p to 21.786p net.

Profits last year included a £3,915 surplus on sale of property. Tax for the year under review took £100,428 (£85,235) leaving the net balance at £87,158 (£76,384).

Noyapara Tea at £179,627

On turnover of £343,300 compared with £241,899 pre-tax profit of Noyapara Tea Holdings increased from £111,326 to £179,627 in 1977.

After UK tax of £7,727 (nil) and overseas tax of £100,000 (£61,000) less a £9,955 over-provision from prior years, net profit was £81,655 (£50,326).

Fenner finishes 11% ahead at £3.64m

WITH TURNOVER up 10 per cent to £38.68m and pre-tax profits by 11 per cent to £3.64m, performance at J. H. Fenner and Co. (Holdings), power transmission engineer, has been satisfactory in the six months to March 4, 1978, says Mr. Joseph Palmer, chairman.

However, comparative results have been uneven as between the separate parts of the group and between different geographical areas.

Overall the group made progress, despite adverse trading conditions overseas, and its market position has been consolidated.

Although there has been some modest improvement in overseas activity in the second half, the group's market intelligence indicates a less buoyant demand in the UK than a year ago.

On half-yearly earnings given at 6.55p (5.69p) per 25p share the interim dividend is stepped up from 2.75p to 3p net. Last year's total payment was 6.7p from profits of £8.41m.

Early in April, the company completed the acquisition of James Dawson and Son of Lincoln, whose business is complementary to Fenner business in the belting field. The directors are confident that real benefit to the group will result from the enlarged pool of skills which the association provides. The interim results do not include any contribution from the Dawson business.

	Half-year 1977-78 £000	Half-year 1976-77 £000	Year 1976-77 £000
Turnover	38,673	35,126	73,909
Trading profit	3,933	3,745	9,354
Interest	444	543	1,090
Share of assoc.	152	93	143
Profit before tax	3,641	3,295	8,407
Tax	2,050	1,850	4,950
Net profit	1,591	1,445	3,457
Minority profit	154	100	386
Extraord. credit	—	—	160
Attributable	1,437	1,345	3,231
Preference divs.	16	16	30
Ordinary	771	706	1,452
Retained	656	639	1,779

● comment

UK operations bolstered Fenner's interim results. Against an engineering industry background of stagnant demand and falling margins Fenner did well to maintain volume and increase domestic profits. It was greatly assisted by the National Coal Board investment in new plant and equipment which has been growing following its changed view on likely coal production levels. Overseas performance has not been quite as strong but the settlement of the U.S. coalminers' strike plus the management work done to turn the U.S. operations around should assist results from this sector in the remaining months of the year. Earlier this year the company acquired the conveyor belt group, James Dawson. Five months of Dawson earnings, about £350,000, will be added to Fenner's full year result which should reach £9.2m. The shares at 132p yesterday give a fully taxed p/e of 9.5.

Bell & Sime off £75,154

With turnover down from £3.74m to £3.61m taxable profit of Bell and Sime, timber importer and sawmiller, fell from £196,296 to £121,142 in the April 29, 1978 year.

The result was after depreciation of £28,272 (£28,717) and interest of £71,118 (£105,984). After tax of £61,412 (£102,098) net profit was £59,730 (£94,198).

The final dividend of 3.943p net per 25p share takes the total from 4.267p to 4.8181p.

London Sumatra over £1.3m

PROFIT GROWTH from £1m to £1.34m was achieved by London Sumatra Plantations in 1977. With tax taking £598,831, against £446,293, the net total emerged £189,261 higher at £744,540. This was better than the directors estimate in May of £701,000 net earnings made in the document rejecting the since failed bid by McCleod-Sipef Plantations.

At the pre-tax level the largest advance was seen from the Malaysian estate where profit climbed to £423,909 (£275,028). Investment income and other items less expenditure, contributed £368,367 (£230,726) while income from Indonesian operations was ahead from £495,828 to £551,095. Sales expanded by £2.54m to £17.36m.

Earnings per 10p share are stated at 4.45p (3.29p) and the net dividend is stepped up to 4p (2p) costing £637,268 (£318,634).

Mr. F. W. Harper, the chairman, states that the group is making satisfactory progress towards clearance from its commitments under the 1969-73 Investment plans. Two major subsidiary companies have been cleared and negotiations continue in respect of the smaller companies. This partial clearance establishes a right to remitability from Indonesia. However, he points out that under the 1968 hand-back agreements with the Indonesian Government, the company committed itself to a continuing programme of rehabilitation, development and modernisation of the estates. This includes replanting the large areas of old rubber which are becoming uneconomic and planting up our valuable reserve land as soon as funds permit. There will be a continuing capital commitment to provide machinery and equipment and also housing for the labour force.

Shaw & Marvin makes some recovery

Having fallen from a pre-tax profit of £12,568 into a £12,784 loss at half-time, as forecast, a second half recovery enabled Shaw and Marvin, merceriser, dyer and knitwear maker, to finish the full-year to March 31, 1978, with a reduced deficit at £7,535 compared with the previous year's profit of £43,450.

The results were adversely affected by an exceptional provision of £18,685 against a bad debt, the directors point out. Sales were better at £1.82m (£1.59m).

After a tax credit of £2,103 (charge £23,328) the loss per 10p share came out at 0.364p (earnings 1.341p). No dividend is to be paid. Last year payments totalled 0.7p.

Petbow higher and sees more

ON A 23 per cent. increase in sales to £21.38m, pre-tax profit of Petbow Holdings, generating equipment and welding plant manufacturers, rose 13 per cent from £2.79m to a record £3.14m for the year to March 31, 1978.

With a satisfactory order book and a higher rate of production the group is now budgeting for further improved sales and profits in the current year, says Mr. James Bird, the chairman.

Earnings per 10p share are shown up from 31.42p to 33.84p before extraordinary items. The final dividend—proposed on a gross basis because of the possible reduction in the rate of ACT—is raised from 7.61p to 8.505p lifting the total for the year from 11.846p to 13.05p, the maximum permitted.

This represents a net final on the current tax basis up from 4.95p to 5.613p and a total for *the year of 8.613p (7.776p)*.

A one-for-one scrip issue is proposed as well as an issue of one 10 per cent cumulative preference share of £1 each for every six existing ordinary shares.

Mr. Bird says the group has held its share of world markets, and at the same time continued its exercise of strengthening the financial and management resources of the group. Stock turnover increased in the year and borrowings were reduced.

Exports led the expansion in sales, increasing to £16.36m, representing 77 per cent of total output. UK sales also rose despite a relatively depressed home market, and the company has continued its penetration into the EEC, he says.

The closure of the Australian subsidiaries has been concluded, with the exception of one final *contract which will be completed* during 1978-79. The anticipated losses incurred in the shutdown are as originally forecast, and the low state of the Australian market has justified the decision to close *the manufacturing facilities there.*

	1977-78	1976-77
	£000	£000
Turnover	21,378	17,433
Profit before tax	3,142	2,786
Tax	902	706
Net profit	†2,240	2,080
Extraordinary debits	25	659
Attributable	2,215	1,421
Dividends	414	365
Retained	1,801	1,056

† Adjusted for ED19. The effect of the reduced tax charge has been to increase earnings per share from 22.36p on a deferred tax basis to 33.54p on the new basis.

● comment

Petbow has joined the increasing number of family controlled companies to make a scrip issue in preference shares: a way of increasing income, and of releasing capital from the business without losing control. The news helped push the company's share price up 9p to 220p. Pre-tax profits are up 13 per cent and with almost 60 per cent of sales heading overseas earnings look set to continue their upward growth. Margins have been clipped by more than one point due to stiff competition from the U.S. and Germany, and sterling's strength in the first six months. According to the company its products now account for more than 30 per cent of UK generator exports in the 60 to 600 kilowatt range. Meanwhile Petbow is trying to cut down its dependence on potentially unstable Middle East countries and Europe, which now takes in 10 *per cent of sales*, was *the fastest* growing overseas market last year. At 220p the shares stand on a p/e of 6.3 and a yield of just over 6 per cent rises by a point if the preference is taken into account.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Breweries, Irish Distillers.

Finals: Anderson Strathclyde, Attwood Garages, Bradford Property Trust, Electric and General Investment, Evans of Leeds, Plessey, Powell Duffryn, Radiant Metal Finishing, Russell Brothers (Paddington), Sutcliffe Speakman.

FUTURE DATES

Interims:	
BAT Industries	June 27
Cardiff Malting	June 23
Glasgow Stockholders' Trust	June 25
Lincroft Kilgour	July 4
SGB	June 27
Trident Television	June 26
Finals:	
Greene King	July 6
LCP	June 27
Renold	June 29

More growth by USMC Intl.

The Leicester-based subsidiary of USM Corporation, USMC International, reports after-tax profits up £937,000 to £3,789,000 for 1977. Sales increased by £6.67m to £122.47m, including export sales £2.96m higher at £36.79m.

The group, which includes British United Shoe Machinery Company, Bostik and Tucker Fasteners of Birmingham, has other companies in the UK which are engaged in the manufacture of machinery for the rubber and tanning industries.

Courtaulds profit £4m overstated—auditors

TAXABLE PROFIT of Courtaulds for 1977-78 was overstated by £4m say the auditors Price Waterhouse and Company. This resulted from the group's failure to apply *the relevant accounting standard* in regard to regional development grants and the auditors qualify their report in this respect.

In producing the published profit of £53.7m (£80.9m) for the year to March 31, 1978, the company credited these grants over a period during which the matching start-up costs and running losses are expected to be incurred. Under SSAP 4 grants should be credited over the expected useful life of the asset *concerned*. The effect on the previous year's figures was an overstatement of £700,000.

On a current cost basis profit for 1977-78 would have been cut to £10m (£40m) after extra depreciation of £53m (£45m) and £16m (£45m) for the replacement cost of stocks, less a gearing adjustment of £25m (£50m).

Capital spending last year at £56m was at a lower level than *for some time the directors say*. This was because in recent years sums have been invested in new plant and equipment particularly on the fibre and textile side, which must now be expected to earn a proper return.

The emphasis has thus been on improving the quality and competitiveness of the group's products in international markets for the capacities already created rather than enlarging them further.

Substantial spending has been *committed to the modernising of* the UK paint factories by International Paint, which increased profits last year, and to the continued expansion by British Cellophane of its polypropylene film plant as well as to the improvement of *their film* converting facilities. At the beginning of the current year capital expenditure authorised and outstanding amounted to £27.9m (£44m).

Capital spending last year was furnished from the company's current cash earnings. New borrowings net of repayments during the period amounted to £12.3m including the raising of a £20m 9¾ per cent sterling foreign cur*rency guaranteed loan* 1989 in December and early repayment of the DM 92m 6¾ per cent bonds 1984.

As reported on May 26 in a depressed market at home and abroad external sales rose 4 per cent to £1.58bn (£1.51bn). The net dividend is raised to 2.293p (2.03125p) per 25p share.

To avoid distorting the year's results exchange adjustments relating to non-trading items amounting to a *deficit of £19.6m* (£3m) was dealt with in reserves.

Working capital was down £9.2m (up £85.1m) but balances at bank and on deposit were up £30.3m. With bought-in materials and services at £972m (£906.5m) the value added during the year was maintained at £603.7m (£603.8m).

In the UK domestic market the general lack of confidence during 1977-78 led to stock reductions in the textile chain. Other adverse factors were an increase in fibre imports and a fall in fabric exports, the effects of which were only partly offset by a marked improvement in exports of clothing. The overall effect was a sharp reduction in demand on UK man-made fibre producers.

Of the new multi-fibre arrange*ment which is intended to regulate* low-cost imports, the directors say provided monitoring is effective, there is hope that the increase in low-cost imports will be more closely in line with the growth in the EEC market than in the past. However, the new arrangement lasts only four years and gives little time for the necessary restructuring to take place.

Man-made fibre production in the UK declined by 11 per cent *from* the previous *year's level* which itself represented a significant decline from the record level of 1973. Profit margins in domestic and export markets were reduced significantly. This was due in part to the financial and general market conditions. In addition fibre capacities, especially for the synthetics, everywhere remain far in excess of any likely demand for some years to come.

With slightly better trading for UK *clothing* suppliers to the home market the group made progress on many fronts in its consumer product activities with some advance in profits overall.

Against a background of excess world capacity in *packaging films*, British Cellophane had a difficult trading year. Manufacturing units in both the UK and overseas operated below capacity for much of the time. Margins were squeezed by higher costs and lower export prices and profit here fell *from* £9.3m (£15.6m).

Meeting, Wigmore Hall, W. July 19, at noon.

Whitbread aims to lift return

WHITBREAD AND CO. is aiming *to increase the return on its UK* assets and to more than double the share of profits earned overseas.

Mr. C. H. Tidbury, the chairman, says in his annual statement that its first aim is to increase the comparatively low return on capital in the UK—a problem which he says is not peculiar to Whitbread and is now acknowledged by the Price Commission.

The second is to increase the share of profit earned overseas from the current level of some 8 per cent to 20 per cent within the next five years.

On the trading side, the improved trend seen in the second half of the February 25, 1978, year has continued into the current year and he is confident the group *will make further progress* at home and abroad.

He says the regained momentum of its lager brands is particularly encouraging. Another year of growth for its lagers and special beers is expected.

Export beers have also done well although a promising start in Nigeria was hampered by import restrictions. Alternative arrangements to brew locally have been sought.

With brewing under licence, directors are still optimistic over the New Zealand market while Mackeson continues to establish itself as an international brand. Arrangements have been concluded to brew at the Windward and Leeward Brewery at St. Lucia in the Caribbean, and progress is *also being made in Trinidad and* Jamaica.

Wine and spirit retailing in the UK is seen as a potential growth area for Whitbread.

A current cost statement with accounts shows the £43.5m historical pre-tax profit cut to £31.7m by additional depreciation of £9.6m and a £5.6m cost of sales, offset by a £3.4m gearing adjustment.

Accounts show fixed assets ahead from £383.43m to £403.73m and net current assets up from £61.63m to £69.2m. There was a £0.65m decrease (£31.72m increase) in liquid funds in the year.

Meeting, Chiswell Street, EC. July 18 at noon.

Hammerson staying out of UK market

The **Hammerson Property and Investment Trust** is unlikely to undertake any new developments in the UK in the foreseeable future, Mr. Sydney Mason, the chairman, confirmed at yesterday's annual meeting. Longer term, however, Mr. Mason believes that opportunities may arise for a modest degree of central London office developments and for the limited provision of shopping facilities.

The current portfolio contains five development sites: two in Australia, two in Vancouver and one in Reading. In reply to questioning Mr. Mason said that the group aimed at a return of 3 per cent (2 per cent at minimum) over and above the cost of money on any new development.

So far as the existing portfolio was concerned Mr. Mason declined to quantify the current net asset value per share. However, he said that *Woolgate* House, which is valued in the books at its £25m original cost, was presently worth between £40m and £50m.

Summing up the current financial position of the company Mr. Mason said that any problems were now largely over. He intended to reduce short-term borrowings further by way of sales of properties but these would not be on a large scale.

In fact he was relatively happy about the level of short-term borrowings and also about the group's accounting practices, where no changes—particularly with regard to the capitalisation of interest—are planned.

Baraoora Tea pays 20p

Following the recovery from a loss in 1976, pre-tax profits of **Baraoora Tea Holdings** moved up from £776,966 to £837,578 in 1977.

A second interim dividend of 10p is declared taking the total up to 20p net—the last dividend totalled 5p gross in respect of 1970.

Turnover amounted to £1,681,856 *(£1,372,384)*. After tax of £306,691 (£282,520), earnings per 25p share came through at 45.5p (68.2p).

McInerney reaches £0.9m —to pay interim

An advance in taxable earnings from £440,621 to £560,977 in the second half of 1977 by McInerney Properties lifted full-time profit from a depressed £632,621 to £902,977. Sales by the Irish-based construction group, which has interests in the Middle East and the UK, slipped £0.36m to £28.97m.

Again no dividend is to be paid for the year—the last payment being 8p for 1973 from profit of £1.0m. However, the company is to return to the dividend list with an interim for 1978 of 2p per 10p share.

After tax of £302,700 (£365,705) earnings per share emerged more than doubled at 3.17p (2.47p).

Brown Shipley expects insurance recovery

The period of political and economic uncertainty which faces the UK makes prospects for the banking group of **Brown Shipley Holdings** particularly difficult to forecast, but directors are confident that the insurance group's overseas earnings will provide the basis for good recovery in that side of the business, Lord Farnham, the chairman, says in *his annual statement*.

In the March 31, 1978 year the insurance side had difficulties, with growth of earnings restrained by the generally low level of economic activity and the depressed state of world trade. The contribution was down from £0.89m to £0.8m.

Lord Farnham says that although the overall level of underlying business overseas was maintained the increase in the value of the pound, particularly *in the second half, was the main* factor influencing the result.

On the banking side, where profits rose 23 per cent to £1.31m, the movements in interest rates and in the value of the pound *made it possible to earn good* profits from foreign exchange dealings, investment trading and money market operations.

Although overall demand for credit remained low the leasing business was buoyant, and assets held for leasing increased from £7.78m to £11.47m.

The stake in Trinity Bank of Dublin was increased to 68 per cent in the year and directors are confident that in due course it will make a valuable profit contribution.

The group plans to spend £1m on modernising its freehold premises at Haywards Heath and installing a computer centre there.

Accounts show current, deposit and other accounts—including inner reserves and tax—up from £153.23m to £179.54m, and loans, advances and other accounts virtually static at £61.78m (£60.1m). At the same time holdings of Treasury Bills, bills discounted and certificates of deposit rose from £16.36m to £29m, and British Government and local authority securities holdings doubled from £7.18m to £14.29m.

Meeting, Founders Court, EC. July 12 at 12.30 pm.

MINING NEWS

More Australian coal deals

BY KENNETH MARSTON, MINING EDITOR

WHILE Australia's potential producers of uranium continue to wait for permission to start mine development, the country's coal producers continue to play their part in meeting the world's energy demands.

Of the latest Australian coal export contracts to be announced new deals worth more than A$50m (£31m) have been written by the big **Utah Development** group, Australia's leading profit-earner which is 89.2 per cent owned by America's **Utah International** and 10.8 per cent by **Utah Mining Australia**.

The importance of the latest Utah contracts is that they provide justification for the A$250m *Norwich Park coal development* in Queensland and give the company diversification from its sales to the Japanese steel industry; the new contracts are with British Steel, Romania, South Korea and Brazil.

Steaming coal export contracts with Israel, which could be worth some A$150m are reported to have been secured by **Coal and Allied Industries (CAIL)** and the **Oakbridge** group. The coal is to be supplied to the Israeli Electric Corporation for its new plant at Hadera which is due to start up in 1980.

State and Federal Government approval is needed for the CAIL and Oakbridge deals. An important consideration for the CAIL group is that the Israeli deal will provide an outlet for the new Warkworth coal mine in the Hunter Valley of NSW.

Last month the Howard Smith group and **Rio Tinto-Zinc's** 72.6 per cent-owned **Conzinc Riotinto of Australia** dropped a joint A$87m take-over bid for CAIL, but Howard Smith has since increased its holding in the coal concern to 50 per cent.

The basic reason for the abandonment of the long-standing joint take-over of CAIL was NSW Government reluctance to countenance a large degree of ownership resting with CRA as a subsidiary of an overseas group.

CRA is still believed to be hoping that a way can be found to permit the group to take a major stake in CAIL within Australia's foreign investment guidelines, but the Israeli contract with Israel holds a snag in that it may raise its Arab objections. These could prove embarrassing to RTZ which via its Riofinex exploration arm has signed a £30m contract with Saudi Arabia's Ministry of Petroleum and Mineral Resources.

Japanese sign S. African iron ore contract

ASSOCIATED MANGANESE, in which the **Anglovaal Group** is a major shareholder, is to supply 420,000 tonnes of iron ore to a group of Japanese steel mills over the year to next April, with shipments starting in October, reports **Richard Rolfe from Johannesburg**.

The five steel producers are **Sumitomo, Nippon Steel, Nippon Kokan, Kobe and Kawasaki.**

No new capacity will be needed to meet the order, according to Anglovaal. Reflecting the recession in the steel industry, Associated Manganese's iron ore output was down from 754,000 tonnes in 1976 to 556,000 tonnes in 1977. Manganese exports over the same period fell from 1.7m to 1.6m tonnes.

Associated Manganese is also engaged on an expansion project of 3m tonnes of iron ore annually in association with U.S. Steel. The last annual report said this project was proceeding slower than originally intended because of the depressed steel market.

Dickenson absorbs Robin Red Lake

DICKENSON MINES and **Robin Red Lake Mines**, two Ontario gold producers, are to amalgamate, reports **John Soganich from Toronto**.

The companies are already closely linked. Dickenson owns 77.4 per cent of Robin, while Robin's ore is milled in the Dickenson plant on a fee basis.

Dickenson shareholders will receive one share in the amalgamated company for one Dickenson share. Robin shareholders will receive one amalgamated company share for every two and a half Robin shares.

The aim of the transaction, which will be put to company meetings on June 30, is to create a stronger corporation with an enhanced capability to secure substantial financing.

Both companies have seen earnings recover on the back of the higher bullion price. Dickenson had 1978 first quarter net profits of C$428,000 (£200,100) compared with C$160,000 in the first three months of 1977, while the comparable figures for Robin were C$107,000 (£52,275) and C$14,000.

The higher bullion price has also helped **Northair Mines**, whose Brandywine Falls gold-silver-lead-zinc mine, 73 miles north of Vancouver has recently completed its first full year of production.

"With the current stabilised gold and silver prices, and anticipated price increases in the near and longer term, it is management's opinion that all debt will be re-paid prior to the end of the current fiscal year," Mr. Donald McLeod, the president said.

At the end of last month, Northair's debt to the **Royal Bank of Canada** stood at C$1.5m (£732,800), having been reduced by more than C$3m since March 1977.

Meanwhile **Cochenour Willans Gold Mines**, a former Ontario producer which last paid dividends in 1966 and still controls properties in the Red Lake area, is hoping to reach an arrangement with **Campbell Red Lake Mines**.

The idea is for Campbell Red Lake to undertake underground exploration at **Consolidated Marcus Gold Mines**, a Cochenour subsidiary.

Campbell Red Lake is 57 per cent owned by **Dome Mines** and recently received a parcel of shares in **Denison Mines**, when Dome purchased a 10.1 per cent Denison stake.

Market talk in Toronto has thrown up suggestions that Dome is about to bid for Denison but this is rejected by top management in both companies as having no basis in fact. For Dome the stake is a simple investment and it is understood they are not seeking representation on the Denison board.

COPPER STRIKE IN INDIA

Rich deposits of tin and copper have been located in the tribal district of Bastar in Madhya Pradesh, the state's chief minister, Mr. Virendra Kumar Saklecha, announced. The copper deposits were discovered during excavations aimed at assessing the possibility of commercial tin mining in the district, writes **K. K. Sharma from New Delhi**.

Mr. Saklecha said it is now established that tin deposits can be commercially exploited. This is to be done by the State Government's mining agencies.

An assessment of the copper deposits in Bastar is being made and the Chief Minister expects a favourable report since the mineral is present in adjacent areas. A copper mine is already being operated in Balaghat district of the State.

ROUND-UP

In Sydney, **Pacific Copper** said it had acquired a 10 per cent contributing stake in a uranium prospect, 100 km east of Yellowknife in the Northwest Territories of Canada. The Canadian parent, **Pacific Copper Mines** holds 80 per cent and the vendors of the prospect own the remaining 10 per cent.

* * *

In order to take up its 25 per cent entitlement in the **Deelkraal Gold** rights issue and avoid investing fresh funds in South Africa, London's **Consolidated Gold Fields** has sold 300,000 shares in **Gold Fields of South Africa**. This reduces the parent's holding in the latter from 49 per cent to 45.9 per cent.

* * *

Armco Steel, is building an experimental deep mine in Oklahoma and could later exploit 12m tons of metallurgical coal in two exploratory seams. Most deep mining operations in the state have been abandoned because of methane gas, thin seams and questionable roof conditions.

P. Hill sees dividend increase

Although interest rates are rising both in the UK and the U.S. and there is continuing uncertainty over the sterling exchange rate, the directors of **Philip Hill Investment Trust** expect to recommend a further increase in the dividend for the current year, says Sir Kenneth Keith, the chairman, in his annual statement.

Members are told that the increased dividend already announced by Beecham Group will benefit earnings by 0.45p per share.

As reported on May 26, pre-tax revenue for the year to March 31, 1978 rose from £5.45m to £6m and earnings per 25p share were 7.9p (7.05p). The dividend total is lifted to 7.9p (6.9p) net.

At the year end, the company's 25 largest holdings amounted to £61.09m and accounted for 50.5 per cent of the market value of its listed investments.

Throughout the year, the valuation of the investments acquired from the company's dollar borrowings, which amount to US$20m, exceeded the borrowings, and so far this excess has amounted to $5.8m.

Since the end of the year, the company has arranged a further multi-currency loan facility for $5m nominal for the purpose of financing portfolio investments in the U.S. This facility will expire on May 31, 1982 and is unsecured, interest being fixed by reference to the London Euro-currency inter-bank rate, Sir Keith explains.

Following an investment of £1m during the year, the company now holds 20.2 per cent of the capital of Agricultural Land Improvement Holdings and the directors regard this investment as being of a long-term nature.

The chairman reports that the company's long-standing investment policy has been broadly maintained and is designed to continue to improve income and therefore dividends and, at the same time, provide long term growth of capital. Geographical emphasis continues to be concentrated in the UK and the U.S.

However, the company is seeking to increase its direct exposure in the U.S. in such a way not to prejudice its dividend record and therefore the increase in its U.S. portfolio must be a gradual process, Sir Keith adds.

The directors believe that the company should fully maintain indirect investment abroad through its holdings in British companies trading overseas; for this indirect foreign content has always represented a high percentage of its portfolio, the chairman points out.

The directors intend to propose a special resolution at the AGM to amend the articles of association in order to give the Board power to fix the rate of fee payable to non-executive directors up to a maximum of £3,000 per annum. It is the Board's intention to increase the present fee of £2,000 by 10 per cent with effect from April 1, 1978.

BIDS AND DEALS

Crescent Growth Fund N. American expansion

BY ERIC SHORT

Crescent Unit Trust Managers is seeking approval from unitholders to change the name and investment policy of **Crescent Growth Fund** and for the adoption of a new trust deed.

The managers want to change the name to **Crescent American Fund** and while the investment objective will still remain long term capital appreciation, to achieve that aim by directing the investment either exclusively or to a very high percentage in North American companies with above average growth prospects.

The Crescent Growth Fund was *established in November*, 1968, with the aim of providing long term growth prospects—at a time when it was fashionable to go for growth and a number of growth funds were launched by various unit trust groups. The fund has not been popular with investors compared with the others in the Crescent stable, its value at May 1, 1978 being £726,000 with 835 unitholders. Since its investment aims and portfolio distribution are similar to that of the Crescent Reserves Fund, which has over 10,000 unitholders and is valued at £10m.

The managers are anxious to launch an American fund; such funds proving this year's best sellers. It would join the two existing overseas funds—the Crescent International Fund and the newly launched Crescent Tokyo Fund. The proposed move winds up a small fund and at the same time launches a new fund.

ESS-FOOD STAKE IN DANISH BACON

The **Danish Bacon Company** has been notified that the Danish bacon factories in Denmark have each agreed to sell 20 per cent of their holdings of "B" ordinary shares of £1 each in Danish Bacon to Ess-Food, the Copenhagen-based central organisation for the co-ordination of the export of bacon from Danish bacon factories.

The number of shares to be sold will be 464,929 at 115p per share. On completion Ess-Foods will hold 19.23 per cent of the "B" ordinary shares representing 11.23 per cent of the ordinary capital of Danish Bacon.

The directors say they look forward to the close co-operation with Ess-Foods that this direct financial link will facilitate, and Mr. Svend Bernsen of Ess-Food (UK) was appointed to the Board of Danish Bacon Company on June 16.

HOVERINGHAM

Mr. G. H. Christopher Needler, the Hoveringham Group chairman, yesterday said in a circular to shareholders on its recent acquisition of Superior Sand and Gravel, of Houston, Texas, that the introduction of Hoveringham's skills and experience together with further investment in plant and equipment would significantly improve Superior's profits.

Superior, which owns and leases land with substantial reserves of aggregates near Houston, made pre-tax profits of US$406,636 in 1977 against $331,839 in 1976. Its net tangible assets at December 31, 1977 were $1.2m.

Mr. Needler added that in the opinion of the Board the market value of Superior's reserves of aggregates is substantially in excess of their cost which stood at over $1m at the balance sheet date.

Hoveringham acquired Superior for $6.5m (£3.6m) last month in line with the group's policy of reducing its dependence on the UK construction industry.

PUBLICKER TO SELL SCOTTISH OPERATION

Publicker Industries Inc. has agreed to sell its malting facilities at Airdrie, Scotland, for an undisclosed sum to Associated British Maltsters, a unit of Dalgety.

The agreement is subject to completing and signing formal documents. The sale does not include Publicker's two distilling operations located in Scotland.

J. A. DEVENISH HOTEL PURCHASE

J. A. Devenish and Co. has agreed terms upon which it will make an offer of £242,000 cash for the Greenbank Hotel Company (Falmouth), a private company which owns the three-star hotel of that name in Falmouth, Cornwall. The offer is supported by the Board of Greenbank.

After the acquisition, Devenish intends to continue to operate and develop the hotel under its existing staff and management.

GPG in £25m Sudan project

The Guinness Peat Group stands to gain substantial benefits as a result of the key role played by a subsidiary, Guinness Peat International in a proposed U.S.$45m (£24.6m) livestock fattening and meat processing project in the Sudan.

Located near Khartoum, the facilities will include an irrigation system covering 10,500 acres which will supply crops for the project's cattle feedlots. There will be a sheep-breeding and rearing unit, a slaughter-house and processing plant with refrigeration and cold storage plus related facilities including animal quarantine for receiving cattle and sheep purchased from Sudanese livestock producers.

The U.S.$43m will be channelled through a specially created company, Seleit Food Production, which is jointly owned by Guinness Peat (10 per cent), the International Finance Corporation (a subsidiary of the World Bank), the Sudan Development Corp., the Abu Dhabi Investment Authority, and the Sudanese Animal and Agricultural Production Company.

Many of the Guinness Peat Group subsidiaries are involved in the project. GPI has overall responsibility for the project and has signed an eight-year management agreement with Seleit which includes detailed project planning, supervision of construction and day-to-day commercial management of the company.

Guinness Mahon and Co., the London-based merchant banking subsidiary, has arranged much of the finance including the export credits; Guinness Mahon Executor and Trustee Company has been appointed to act as agent for all the lenders; the group's merchanting division has advised on the purchase and supply of plant and equipment; and Fenchurch Insurance Brokers Group is advising on various aspects relating to insurance. In addition, GPI has signed an export marketing agreement with Seleit to organise and administer the export of meat and certain by-products.

HOWARD TENENS

Howard Tenens Services and **Paktrans**, the transport and distribution division of the Pakhoed Group, have reached agreement for Paktrans to acquire the Air Wingate division, the UK air freight forwarding subsidiary of Tenens. The sale is subject to contract and formal approval by the Bank of England.

OWEN OWEN

Owen Owen, the Liverpool stores group, has completed its £2.36m acquisition of Suters which operates two department stores at Slough and Uxbridge.

The group paid £1.73m in cash with the balance satisfied by the issue of 6½ per cent unsecured debentures redeemable in 1981. Owen Owen said that it expects Suters' profits—last year £137,000 pre-tax—to improve once the two stores have been fully integrated into its organisation.

T. COWIE

T. Cowie has agreed to purchase the business and premises of Appleyards of Barnsley for £170,000. It is not anticipated that any redundancies will arise.

Customagic Board split widens over Mooloya

LAST NIGHT it appeared that there was a growing rift between the Terry family and independent directors of **Customagic Manufacturing** over **Mooloya Investment's** £1m bid for the company.

The independent directors said in a statement last night that Mooloya's bid of 20p cash a share was inadequate and that they did not intend to accept in respect of their 23 per cent holdings.

However, the Terry family interests controlling a 20 per cent plus interest have already indicated that they intend to accept the offer.

The offer document sent to Customagic shareholders yesterday reveals a series of material contracts involving among other Mr. Bernard Terry, who has agreed to serve as a director of Customagic in charge of the mail order division.

Among other material contracts outlined in the document is a fee to Gras d'Eau Consultants "in the event that certain shareholders of Customagic accept an offer by Mooleya for their shares."

Mr. Terry's appointment as director in charge of mail order is subject to the offer going unconditional.

Mooloya with the Terry family interest has received acceptance representing around 47 per cent of Customagic.

Customagic's chairman, Sir Cecil Burney, who is also a Mooloya director and has taken no part in Mooloya bid, is understood to be one of the Customagic directors rejecting the offer.

Mooloya also said the company is holding talks with "a highly experienced and successful textile group with a view to their being involved in the management of the trading activities of Customagic."

It is confident that this association, together with Mr. Bernard Terry's assistance, will "rapidly restore the trading activities of Customagic to profitability."

Customagic suffered a pre-tax loss of £15,806 for the six months to October 31, 1977, compared with a pre-tax profit of £13,000 in the comparable period of 1976.

BRIDGEWATER INV.

Shares of **Bridgewater Investment Trust** have not been requoted on the London Stock Exchange as reported in Saturday's paper. A relisting is expected once an offer document from Sagest SA, is posted to shareholders.

NEWS/HEWITT

The offer by News Holdings for F. Hewitt and Son (1927) has ben accepted in respect of 120,035 preference shares (87.38 per cent) and 106,802 preferred ordinary shares (94.26 per cent). Both offers unconditional and remain open.

AURORA/OSBORN

Aurora Holdings has received acceptances of the offer for **Samuel Osborn** in respect of 5.22m ordinary shares (prior to capitalisation issue). Together with the 3.31m Osborn ordinary owned before the offer and the 2.39m ordinary shares purchased immediately after the announcement, Aurora now owns 10.93m Osborn ordinary shares (38.25m shares after the capitalisation issue)—equal to about 96.97 per cent of the capital.

GEO. EWER

An associate of Dee Computer Services which holds 4m shares in George Ewer and Co., has bought 400,000 shares. Combined shareholding of Dee Computer and its associates now represents 29.88 per cent.

CAPLAN PROFILE

Caplan Profile of the UK has been given the go-ahead by the Foreign Investment Review Agency of Canada to purchase **Expanded Plastics**, an Ontario manufacturer of polystyrene frames.

WHITBREAD

Competition and Supply in the Brewing Industry

You will know that this Industry has again been the subject of Government investigation, this time by the *Price Commission* in regard to beer prices and margins. The subsequent report made it quite clear that beer prices had risen less than prices generally, and that margins were not excessive. However, the Price Commission went on to comment on the structure of the Industry, although it had made no attempt to obtain recent evidence on this matter.

The Industry then issued a reasoned response to the Price Commission Report, answering the points of criticism and reminding the Government that the Monopolies Commission had already come to the conclusion that there were no practical alternative arrangements which would be more advantageous to the customer than the present system.

The Price Commission has since completed a further investigation, this time into an individual company, namely Allied Breweries. The report published covered the same ground as that on the Industry, and, once again, confirmed that profit margins are not excessive, and acknowledged that the method of valuing brewers' public houses shows a low return to the Industry on the capital involved.

The Brewing Industry has been in discussion with the Government for some months past on these subjects. I am pleased to report that the Secretary of State at the Department of Prices and Consumer Protection, in a statement made on the 2nd May, welcomed assurances given by the major brewers on areas covered in these discussions. The main points concerned prices, where the major brewers have undertaken to *endeavour to hold prices for a period of* from six to twelve months, and that efforts will be continued to reduce concentration of *ownership of pubs in certain areas*, and to explore the possibility of exchange of beers where there is a commercial demand.

We look forward to a better atmosphere between the Government and the Brewing Industry in future. We are proud of our Industry, with its eighty brewing companies, its pubs and the pint of draught beer which are unique to this country. Competition is intense between brand and brand, and pubs and clubs. Choice in the outlets, from my experience, is wider in Great Britain than in any other country in the world, and this has also been acknowledged by Government. Many of our competitors find it profitable to sell your Company's brands, and we shall continue to offer our customers a wide range of draught, bottled and canned beers, in addition to wines, spirits and soft drinks.

I sincerely hope that both *Ministers* and the *Price Commission* will now leave this Industry in peace, so that we can bend all our efforts to *the task of increasing the real wealth of your Company and of the* country by building up our trade and earnings abroad, and improving *the return on our assets at home.*

The Board

I would like to pay tribute to my predecessor, Mr. Alex Bennett, who retired as Chairman on the 31st December, 1977, after 43 years service. Like Colonel Whitbread, he has given a lifetime's work to the Company and, with a very human touch, has guided Whitbread's development through the difficult inflationary times of the last seven years. We all wish him a happy retirement, and are most grateful for the time he has agreed to spend in continuing to help Whitbread and *the Brewing Industry. He remains on the Board of the Company*, and continues as Chairman of the Whitbread Investment Company. In addition, he is staying on as Chairman of the Brewing Research Foundation and has also undertaken the Deputy Chairmanship of the Food and Drink Industries Council, two very important tasks both for Whitbread and the Brewing Industry.

We also wish a happy retirement to Mr. J. E. Martineau, who retired in July after more than fifty years with Whitbread, forty-five of them on the Board, and we are grateful to him for all he has done for the Company over all these years.

The Retail Trade

Whitbread has some 8,000 retailers and their wives, as well as some 50,000 Free Trade customers. I try to meet as many of them personally as I can, and I would like to pay tribute to them for the unique service they provide for their customers, the public, and to thank them for their continued support. Good relations with retailers *must be the cornerstone* of any successful business in this Industry, and we in the Company will continue to work to maintain a happy and prosperous partnership on an individual basis.

Recently, the National Union of Licensed Victuallers, the tenants' association, has publicised a list of points of review with the brewers, and these are being discussed by our local Companies with the local N.U.L.V. representatives. We are confident of a satisfactory outcome to these discussions.

Our tenants have had a difficult time over the last eighteen months, squeezed by continuing inflation and a depressed trade. However, I am sure that this phase will pass and, as such, it is worth reminding ourselves that the Brewing Industry offers a *unique opportunity for* the licensee and his wife to build up their own business with a relatively small capital outlay. *There is the opportunity for ambitious and* energetic people to set up on their own. This requires great effort but also offers a fair return for enterprise and hard work. It has to be recognised that there is an element of risk to both sides of this partnership, and being a licensee these days is no sinecure, a fact often forgotten by some critics of our Trade.

I would also like to thank our 2,000 managers and their wives for the immense amount of hard work they have put in over the past year. We maintain an extremely good relationship with the National Association of Licensed House Managers, and are proud that the President, Mr. Bill Scotting, is one of our managers, as is the immediate past President, Mr. John Lewis.

Social Problems

We all remain concerned with the problems that abuse of alcohol can produce in society. The extent of such problems can be exaggerated but they are none the less real, and the Brewing Industry actively supports many of those organisations concerned with them—the main areas being under-age drinking, drinking *and driving*, and violence.

The increase of violence in our society *is something* that worries everybody, and, as many of you will have seen, the Company ran a *questionnaire advertisement* as part of our corporate advertising campaign during last year, on pub violence. The response was significant, and it was apparent that both the public and members of the Trade supported the need for increasing efforts to try to understand and combat the growth of violence.

We have now set up a Whitbread Research Foundation at Oxford University's Department of Experimental Psychology to look more deeply into the subject. The Research Team will report to a Board composed of members of the Company and eminent public figures of experience in this area. I am pleased to report that Lord Carr and Sir Arthur Peterson, a former Permanent Secretary at the Home Office, have agreed to join us in this endeavour as *Trustees*.

The Chairman's Statement

Mr. Charles Tidbury's Report for the year ending 25th February, 1978

May I start off by saying how honoured I am to be writing this Company Statement for the first time, and not without some trepidation.

1977/78 was a difficult year after the record year of 1976/77. The summer weather was not good, the economic climate was dull but, most important of all to Whitbread, the quality of our service to our customers in certain areas was affected by unofficial industrial relations problems, and, as a result, our trade suffered. Trading profits before the adjustment for foreign exchange, were 10.6% down at the half-year, although I am pleased to be able to report that, after a concerted effort by everyone in the Company, the second half showed a 10.5% *improvement*. At the final outcome, trading profits for the year were down by only 3%, and profits before tax up by nearly 4%.

Trade

—Beer

Our trade performance for beer last year divides itself into two distinct periods—from March until September, and then October through to the present time.

The first period's sales were disappointing. Apart from the general slowing down of the market, our situation was *further exacerbated by industrial relations problems*. This caused us *to lose share to* our competitors. However, during this period of poor trading, Whitbread Trophy Bitter continued to make good progress, as did some of our local ales such as Marlow Bitter and Pompey Royal. Sales of canned beer through the Take Home Division continued to out perform the market, and *our new organisation in* Whitbread Scotland resulted in a substantial increase in trade in that area.

From October onwards, our sales began to improve, and since then we have continued to regain lost ground. Our standards of supply and customer service during the Christmas trading period were much improved, resulting in our second half-year's trade *being significantly ahead of the* previous year. This improved *trend continues* through to the present time.

What is particularly encourag*ing is the regained momentum* of our lager brands, Heineken and Stella Artois, despite the very poor spring weather. We expect another year of growth for our lagers, and our speciality beers, notably Gold *Label and English Ale, which* continue to make good progress.

Our exports of beer have also done well, although a promising start in Nigeria was hampered by import restrictions, and alternative arrangements have been sought to brew locally. As far as brewing under licence is concerned, we *are still optimistic over the New* Zealand market, although the *broadening of distribution in* that country continues to be a problem. Mackeson is continuing to establish its position as an international brand, and in the Caribbean arrangements were concluded to brew at the Windward and Leeward Brewery in St. Lucia. We are also making considerable progress in Trinidad and Jamaica.

—Soft Drinks

Our Soft Drinks Company had a difficult year. The adverse summer weather depressed the total soft drinks market, and R. White's lemonade suffered from this along with the rest. One sector where we managed to do better than the market generally was in mixers and fruit juices, with our Rawlings brand, which continued to *increase its market share*.

—Wines and Spirits

Trading in wines and spirits at home last year was not easy but, at the retail end of the business, our Threshers' and Mackie's shops made good progress. During the year, twenty-six shops trading as Agnews were added to the chain, and *the headquarters for the total* operation was successfully concentrated at Hatfield, which enabled us to sell the Chelsea premises. Not long ago, many people thought that shops such as ours would bow out before the weight of the supermarket chains. *Thanks* to the local service and trading ability of *our staff and managers*, this has not proved to be the case. We are pleased with the results, and we regard this area as one of potential growth for the future.

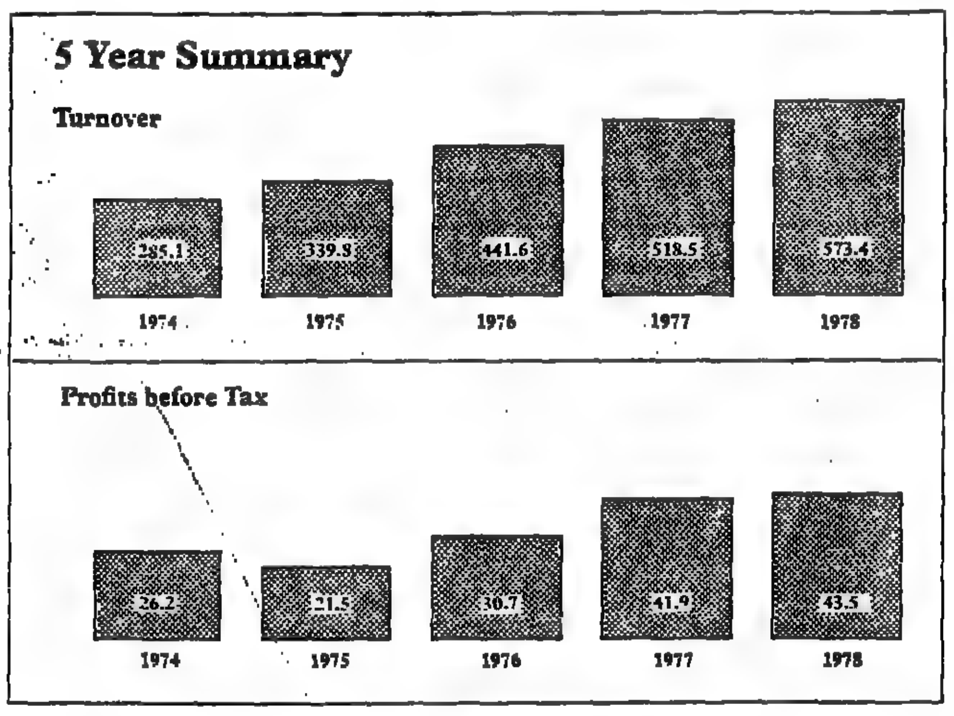
Stowells of Chelsea celebrates its centenary this year; having started from a single shop in Ealing, it is now one of the largest wine and spirit wholesalers in the U.K. Langenbach, our German wine business, founded 125 years ago, has now doubled in value since our purchase of it four years ago. During the year Stowells acquired Hawker's Pedlars Sloe Gin, a brand which we believe has potential both at home and overseas.

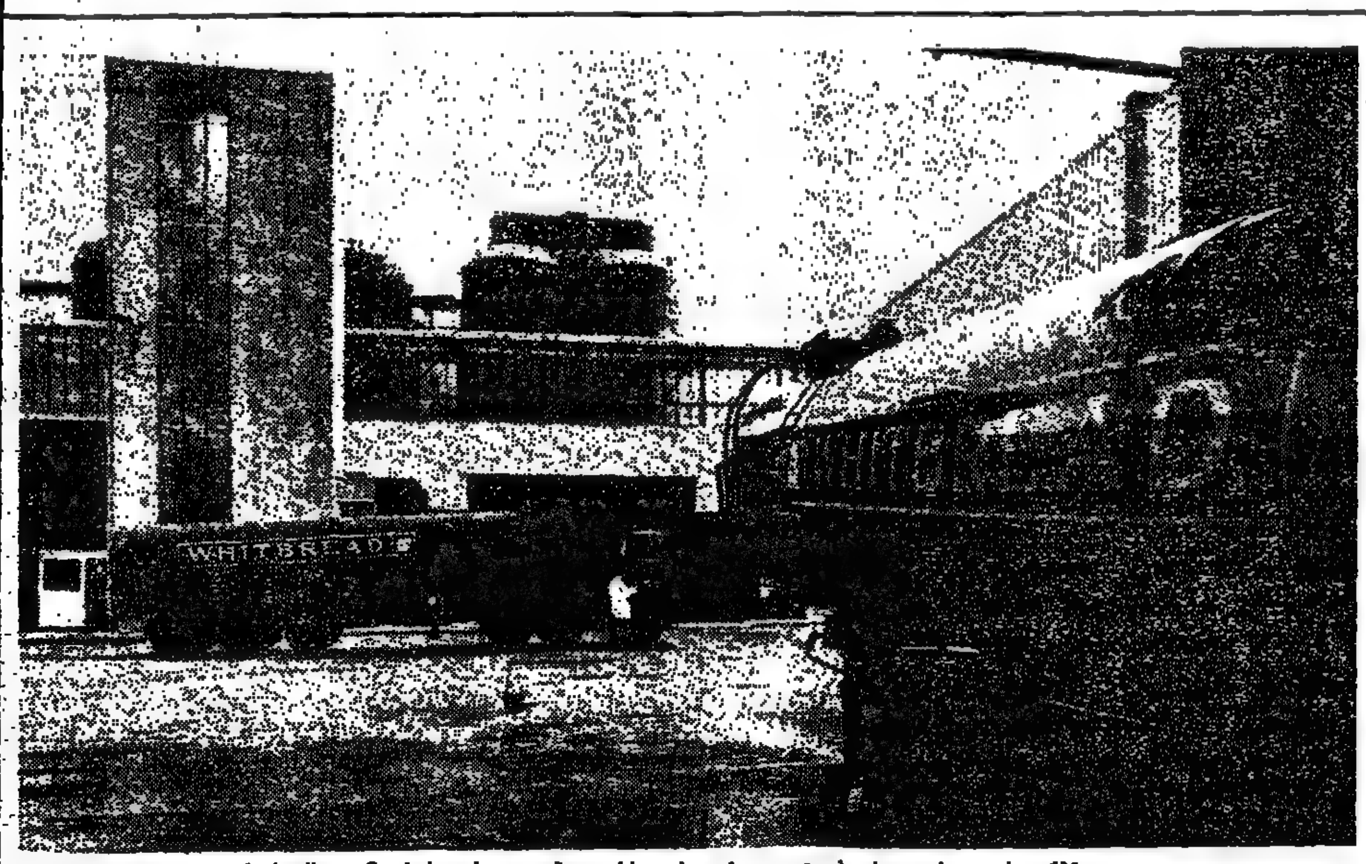
Long John whisky had a good year overseas, and sales at home have surpassed the expectations of even the most optimistic among us. With Black Bottle, Islay Mist and malt whiskies Laphroaig and Tormore, we have the necessary brands for an important market sector. This year, Plymouth Gin has made encouraging gains.

Mr. Charles Tidbury

OUR RESULTS

YEAR TO 25th FEBRUARY, 1978	1978 £000	1977 £000
Turnover	573,369	518,473
Profit before Tax	43,518	41,897
Tax	6,786	10,421
Profit after Tax	36,732	31,476
Dividends	9,363	8,341
Retained in the Business	28,921	22,134
Earnings per Share (pence)—basic	16.13p	13.78p
—fully diluted	14.76p	12.67p





Whitbread tankers ready for loading at Samlesbury brewery, Lancashire, where the company has invested more than £30m.

INVESTMENT

Last year, a total of nearly £50m was invested in the business, with production of lager and distribution requiring the *lion's share. Some people have* said that it is the brewers who force lager on a defenceless public. To that I would say, it is public demand that creates a market, and the sum of nearly £120m that your Company will have invested in *lager* will enable us to meet that demand. The same applies to the growing take home trade, where our Take Home Division continues to make encouraging progress. Sufficient canning lines are a prerequisite to support this sector of the trade, and we are making the necessary investments.

We intend to increase progressively our level of investment *into new pubs*, the improvement of our existing estate, and the Free Trade. In April 1978, we successfully issued £15m of Sterling Foreign Currency Bonds at par with a *coupon of* $10\frac{1}{2}$% *fixed for* twelve years. Annual redemption from 1981 gives an average life of approximately $9\frac{1}{2}$ years. This money, which was raised through a consortium of international banks led by our merchant bankers, Kleinwort Benson, will be used to finance our investments in U.K. trading assets.

Production and Quality

Unfortunately, changes in the market place lead to changes in our production requirements, *and during the year the* closures of Rhymney and *Blackburn breweries* were announced, to take place during 1978. We have tried to soften the blow by careful planning, and are keeping a distribution depot in both places.

As well as completing the Strathclyde Distillery for Long John whisky, we have continued our construction of the new plant at Magor, which should be in production in 1979. Magor is in Wales, just across the Severn Bridge. This brewery, on a sixty-acre landscaped site, will represent a *major development for the* Company.

The continued high quality of our products has been ensured by a strengthening and reorganisation of our Quality Control during the year, which is now yielding benefits in the quality of our products at point of sale. *This* year we are extending our control to the *manufacturers* of our raw materials and packaging by the appointment of a Quality Control Inspector.

I have noticed that, in assessing the value for money the public are willing to pay for a product, a little extra is always available for the one in perfect condition and whose reliability can be depended upon.

Chiswell Street Development

As I write, we have just concluded *partnership* arrangements with Trafalgar House to develop two blocks, totalling 400,000 sq. ft., of offices on our site. The construction contract will be let to Trollope & Colls, and we believe that there will be a demand for good office space in the City in two years time—*a large investment* decision which shows our confidence *in the future* of the City and this country.

The Overlord Embroidery

The Company were very honoured when Her Majesty Queen Elizabeth The Queen Mother consented to open the Overlord Embroidery Room at Chiswell Street on the 6th June this year, the 34th anniversary of Operation Overlord, the Allied D-Day landings in Normandy.

The Embroidery was commissioned by Lord Dulverton, and donated to the nation by him in 1973. It was designed by Miss Sandra Lawrence, and took the Royal School of Needlework five years to complete. It is now on loan to the Company from the Overlord Embroidery Trust, and is on view to the public throughout the year.

I hope that our shareholders will find an opportunity to visit the Brewery to see the Embroidery, and to see the work that has been done on our retained buildings on the site.

Sponsorship

Your Company has always been in the forefront of innovating sponsorship of *sporting events*, and we were very pleased this year to organise once again, in partnership with the Royal Naval Sailing Association, the Whitbread Round the World Race. In addition to such old favourites as the Whitbread Gold Cup at Sandown Park and the Badminton Horse Trials, we now include awards for literature and the arts, to say nothing of golf, cricket, tennis, speed-boating, darts and many others.

We are confident that sponsorship of this nature helps to keep our name and our products in the *public* eye, and in addition encourages sports that are of *interest to many* of our customers.

Philosophy of Whitbread

As you know, we are still a truly family brewing company, *of whose independence I believe* we can all be proud—but we have to keep the business successful. Success means making reasonable profits to allow us to invest in good research and development and modern plant to enable us to compete with the changes in the market place. It also *means* good customer service, a fair return to our shareholders, and a decent livelihood for those who work in the business.

You will find Whitbread & Co. all over the country but, although we are national, we trade through nine local companies. It is interesting that when we did this in 1969 many said it would not work—now others are copying us. We believe our system gives the greatest sense of achievement and belonging in a large organisation but it works only as long as we can find able and enterprising people to run these companies with high standards of *trading, management and* leadership. To see that these standards are maintained and developed is one of the most important tasks which your Board is tackling at the present time.

Aims and Organisation

Two principal current objectives have been set for the Company: first, to increase the comparatively low return on our capital in the U.K.—a problem which is not peculiar to this Company and, I am glad to say, is now acknowledged by the Price Commission; secondly, to increase the share of profit earned from overseas, from the present level of approximately 8% to nearer 20% within the next five years.

Taxation

We are disappointed at the apparent unwillingness of the Government to ease the tax burden on senior and middle management. If this country is to raise its productivity to the level of that of our major competitors in the world, surely we must have the same, if not better, incentives for people to work harder.

I believe there is no lack of willingness to work but the frustration of rewards which leave those concerned, and their families, materially worse off must be to the detriment of this country's objective of keeping, and improving, its place in world trade.

Share Ownership and Profit-Sharing

We would welcome any scheme which we could be reasonably sure would help to increase the feeling of involvement of all those working in the business, and thus benefit members of the Company, our customers and shareholders. We are currently studying all the implications for profit-sharing, with or without linked share ownership, before coming to a conclusion on any future policy. It is hoped that the ideas mooted by the Government in the Finance Bill will encourage Industry in this area. As you know, since 1975 we have operated a successful own-as-you-earn scheme which gives people who work in the Company a chance to save and eventually own Whitbread shares.

THE FUTURE

As I write this at the end of May, the current year has started well, despite the appal*ling weather of the Easter* holiday and even worse May Day—truly an international distress signal for a national holiday! We hope for better during the summer. I remain an optimist for our Trade, and I am confident that, with the help of all who work in the *Company team*, and less attention from Government to distract our senior management, we shall, this year, make further progress both at home and overseas.

Annual General Meeting; Brewery, Chiswell Street, London EC1Y 4SD. 12 noon 18th July 1978.

AMERICAN NEWS

Capital increase from Petrobras

RIO DE JANEIRO, June 19.

FOR THE first time ever, Petrobras, the Brazilian national oil conglomerate, has announced an increase in capital before the board formally ratifies the decision. This has been done to avoid stock market speculation through inside information.

Petrobras was submitted to an official Stock Exchange Commission investigation when its shares moved sharply earlier this year after rumours and counter-rumours that BP had discovered oil in the Santos basin, drilling under a risk contract with Petrobras.

One June 21, the Petrobras board will ratify the decision to increase the company's capital from $1.41bn to $2.12bn through a bonus issue of one new share for every two held (ordinary or preference).

The new bonds issue means that since 1974, Petrobras will have increased its capital by nearly 200 per cent (that year, it was worth $580m). The state-run conglomerates are no longer allowed to increase their capital by subscription, and must confine themselves to bonus issues, in order to leave the market more open to shares of smaller companies.

This year Petrobras will invest over $1bn in oil prospecting and exploration.

Toft proposal rejected

BRAZIL'S Industrial Development Council has rejected a proposal made by Toft (Jardine-Matheson Company of Hong Kong) to produce sugar cane harvesters in Brazil, writes Diana Smith from Rio de Janeiro. Had the proposal been accepted, Toft would have received local loans at subsidised interest rates, and export incentives.

The proposal was turned down essentially because of gloomy prospects for the sugar cane industry, with lower world prices, and because of heavy idle capacity in Brazilian cane harvester manufacturing plants. In 1977 the Brazilian manufacturers Santal sold 91 machines for a total of $10.7m—this year they do not expect to sell more than 45.

Chicago options markets agree on merger plan

BY STEWART FLEMING

NEW YORK, June 19.

THE CHICAGO Board Options Exchange, the biggest of the U.S. share options markets, has reached agreement on a merger with another Chicago-based options market run by the Midwest Stock Exchange.

The announcement comes at a time when the Securities and Exchange Commission is calling for further information about options markets and has put into effect a moratorium on the expansion of the markets already operating.

The SEC's move was an indication of its concern about illicit trading activities on some exchanges, but it reflected too its desire to carry out a through review of other rapidly growing options markets before making decisions about their future regulation and development.

The SEC has now called for further public comment on specific areas it is looking at, including the issue of whether the New York Stock Exchange, the dominant U.S. stock market, should be permitted to start an options market. At present, this development, for which the NYSE has been pressing, has been delayed because of concern about the problems of regulating such a market.

Other questions at which the SEC is looking are whether and in what circumstances trading of options and their underlying securities should be integrated on an exchange floor. At present, they must be traded on separate floors. It is also examining whether options should be traded on the over the counter market.

The announcement of a proposed merger between the CBOE and the options market of the Midwest Stock Exchange is already upsetting other options markets, who fear that it will strengthen the CBOE's already entrenched position. The American Stock Exchange, which also operates a share options market, has sein a telegram to the SEC protesting against the move on the grounds that it represents just the sort of expansion which is supposed to be held in abeyance during the SEC inquiry.

The CBOE is arguing that the merger does not involve expansion, merely consolidation.

FTC may block Tropicana deal

BY OUR OWN CORRESPONDENT

NEW YORK, June 19.

BEATRICE FOODS, America's largest food producer, has warned that is $490m acquisition of Tropicana Products may be blocked by the Federal Trade Commission.

The company announced that the FTC had asked for a postponement of the shareholders' vote on the proposed acquisition, the largest agreed this year, until some time after September 1. The Government agency says it wants more time to complete its previously disclosed anti-trust investigation.

However, Beatrice appears unlikely to comply. In a filing with the Securities and Exchange Commission, the food company said it had declined the FTC's request and that it expected the acquisition to be completed by the end of this month. But it also acknowledged that the FTC could take any action it thought appropriate under the anti-trust laws "before or after the proposed acquisition is consummated."

This action could include an attempt to force Beatrice to divest itself of Tropicana, the Florida-based producer of fruit juices.

Damages cut in Kodak anti-trust case

BY OUR OWN CORRESPONDENT

NEW YORK, June 19.

THE $37.6m damages which a jury awarded Berkey Photo in a protracted anti-trust suit against the world's leading photographic products producer, Eastman Kodak, has been reduced to $27.1m by the judge in the case.

Kodak has indicated that it intends to appeal against the damages award, which would be tripled under Federal laws designed to punish and discourage anti-trust violations.

In reducing the award, Judge Marvin E. Frankel of the Federal District Court in Manhattan rejected a request by Berkey that Koday be forced to divest itself of some of its main operations. But he ordered Kodak to treat all photofinishers alike, including its own colour print and processing division.

Berkey expressed satisfaction that the Judge upheld the jury's verdict against Kodak. The Judge said that in his opinion the evidence showed a carefully orchestrated programme by (Kodak) to use its film monopoly in order to obstruct and frustrate competition on merit in the camera market.

He upheld the jury finding that Kodak should pay interest on the damages award and legal costs related to the trial.

The judge said he could not justify the "devastating remedy of divestiture, which would in all circumstances be punitive rather than curative."

In Rochester, New York, a spokesman for Kodak said that while the company was aware of the judge's ruling, it had not seen it and therefore could not comment.

The suit is one of a series which has been brought against the giant company, and the findings, unless overturned on appeal, could influence cases still outstanding.

Exchanges set up probe into Husky Oil

By Robert Gibbens

MONTREAL, June 19.

THE Toronto and Montreal stock exchanges have begun an investigation into trading of Husky Oil shares over the past week. Trading in the stock was halted on Thursday June 8 and the last trade was at C$35¼.

The halt was due to rumours that a bid would be coming for the company.

Last Monday, Petro-Canada revealed it was planning a C$45-a-share cash bid, which was quickly countered by Occidental Petroleum of the U.S. with a share-exchange offer worth about U.S.$44.70.

Trading reopened in Canada between C$47 and C$48 a share. Later in the week, Petro-Canada upped its bid to C$52 a share, to which Occidental replied with a revised share-exchange offer worth around U.S.$48.

Trading was halted again, and when reopened on Friday, Husky stock was holding around the C$50 level in Ganada.

The American stock exchange, where Husky shares are also traded, confirmed that it will also investigate trading. Officials of all three exchanges said the main issue was whether inside information on the coming bids for Husky was leaked in contravention of exchange rules.

In the House of Commons in Ottawa, Mr. T. C. Douglas, a spokesman for the New Democratic Party, said there had been "a game of badminton" between Husky's head office in Cody, Wyoming, and Occidental Petroleum in Los Angeles. There may have been collusion to drive up the value of Husky stock by C$200m.

The Energy Minister, Mr. Alastair Gilliespie, said he would refer the charge to the Justice Department for legal advice.

Later, Occidental put out a denial from Los Angeles that it has been engaged in collusion with Husky to drive up the price of Husky stock in the market.

"Occidental wants Husky at the best possible price," Occidental said. Its discussions with Husky had been going on "for several years." The "investigation Mr. Gillespie has requested will prove conclusively . . . that a suggestion we would be trying to drive up the price of Husky stock is without any foundation.

"Once we are given the opportunity actually to make our bid, our purchases will prove the good faith of our intentions. We will co-operate with the investigation fully."

The battle for Husky Oil, Page 27

Esselte holds 90% of Dymo

Esselte AB and Oxford Pendaflex Corporation said that about 1.75m shares of Dymo Industries common stock or about 90.5 per cent of Dymo's outstanding stock was tendered under of offer at $30 a share, and that the offer has been extended to June 30, reports Reuter from New York. Oxford Pendaflex, a division of Esselte, said that June 30 will be the final extension. Dymo has 1.93m shares outstanding.

Westinghouse settles

Westinghouse Electric Corporation has reached an out of court settlement with Union Electric of St. Louis over a A$28m lawsuit involving two steam turbine generators, reports Reuter from Pittsburgh. The suit, filed in 1973 in U.S. District Court for the Eastern District of Missouri, arose from outrages of two Union Electric generating units, Labadie one and two during the years 1971 to 1973.

Under the settlement, Westinghouse said it agreed to make a cash agreement in an unspecified amount and to provide credit to be applied to the purchase of three turbine rotors that will be used as spares for both Labadie units and for two Rush Island generating units.

EUROBONDS

Yen issue expected for Sears Roebuck

By Francis Ghilès

THE dollar sector of the bond market was easier yesterday in fairly thin Monday trading. Many dealers felt that prices would fall further in the next few days. Convertibles remain the only really buoyant sector, at least where new issues are involved.

The $15m convertible for ASICS, whose coupon has already been cut once by a quarter of a point to 6 per cent, looks as if it may see its coupon cut again before pricing, which is expected today. It was oversubscribed 12 times.

In the Deutsche-Mark sector of the market, prices remained steady yesterday. A DM150m issue for Sanyo, to be arranged by Nomura and Deutsche Bank, was announced. Terms for this issue, the largest DM convertible ever, include a 10-year maturity and an indicated coupon of 3¾ per cent. Average life of these bonds will be eight years, and the conversion price is expected to be about 10 per cent.

The Unit of Account 20m issue for Societes de Developpement Regional was priced at 99½.

The first yen-denominated bond for a foreign private company is expected shortly for the U.S. stores company Sears Roebuck. This development comes as no surprise, as the Japanese authorities are liberalising access by foreign borrowers to the yen market in an attempt to reduce their trade surplus.

Braniff approaches CAB on new Middle East route

BY JOHN WYLES

NEW YORK, June 19.

BRANIFF INTERNATIONAL, one of the fastest growing U.S. regional airlines, is seeking Government approval to start a new "oilman's special" special service which would provide a direct air link between Texas and the Middle East.

Braniff has asked the Civil Aeronautics Board for expedited hearings on its application and hopes to start the new scheduled service within a year. On the surface, it seems the airline would have good reason to be optimistic, because its proposal fits neatly with tht CAB's twin aims of encouraging regional carriers to expand their international operations, while at the saem time developing a cheaper fare structure.

Braniff's plan is to start a scheduled service linking Dallas-Fort Worth and Houston with the Iranian capital, Teheran, and with Dhahran in Saudi Arabia. Its scheduled return coach fare would be $1,593, the current off season fare, which would apply all the year round. In addition it is planning an advanced booking fare of $880, half the current coach return fare, and a special "rest and recreation" round fare of $800. Braniff says this would be aimed at the large number of Americans from its service area who are working on oil rigs in the Middle East and typically receive one month's leave at least twice a year.

Flying time to Teheran from Dallas-Fort Worth would be 13½ hours compared with the shortest time currently available, via London and travelling with two airlines, of 21 hours. The onward trip from Teheran to Dhahran would be just under three hours.

Braniff plans to use the two long range Boeing 747 SPs which it has ordered for delivery next year. The company said today that its market studies indicated that there could be 24,094 passengers in the first year of the new service, which, on the basis of two round trip flights a week, would give a load factor of 55 per cent.

It claims that traffic between the U.S. oil states of the South West and the Middle East has grown "geometically." According to the airline, more than 250 Dallas-Fort Worth companies are now doing business in the Middle East and more than 98 Houston companies now have offices or branches there.

Burlington sees lower profits

NEW YORK, June 19.

Burlington Industries expects a "mediocre" year ending September 30 with quarter-by-quarter improvement, Mr. William A. Klopman, the chairman and chief executive officer, told a group of securities analysts.

He tended to agree with Wall Street earnings estimates that are generally in the $2.60 to $2.80 a share range. For fiscal 1977, Burlington earned $89.9m or $3.11 a share fully diluted on sales of nearly $2.4bn.

The nation's largest textile maker had "underestimated the cost and time required to restructure" certain businesses. Specifically, French and German operations were not showing the kinds of improvement that had been anticipated as a result of restructuring activities there. The worsted fabric operation in Germany is still in the red and that situation is expected to continue through 1979.

On imports, Mr. Klopman said that Burlington was looking to reduce its dependence on clothing and clothing-related fabrics. About 65 per cent of sales stem from these businesses.

During the first four months of 1978 imports on a square yardage basis rose 33 per cent from the year-earlier period. "Imports aren't going to destroy us but they are hurting us at the moment," Mr. Klopman said.

Home furnishings should show record sales and earnings this year. Even the domestics area. AP-DJ

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Enka sees prospect of profit but sales remain depressed

BY OUR FINANCIAL STAFF

ENKA, the chemical fibres subsidiary of Akzo of Holland, may return to the profit zone this year, but any improvement will come from further cuts in costs rather than higher sales.

Chairman Dr. Hans Guenther Zempelin, addressing shareholders in Wuppertal, West Germany, where the company is based, hoped that the expected Brussels agreement between West European producers would lead to price levels allowing the most efficient synthetic fibre manufacturers a modest level of profitability.

But he warned that *no miracles* should be expected from the talks, due to restart in two weeks to discuss the possible setting-up *of crisis cartels in this sector.*

Last year, the Akzo parent saw its deficit widen to Fl 166m ($75m) from Fl 153m, though the exclusion of extraordinary items reduced this to a net Fl 55m loss against an Fl 8m profit.

At the start of this year, the Enka management was pessimistic about a possible return to profit. Since then, the company has experienced a 8 per cent fall in consolidated turnover to Fl 1.7bn, in the first five months although European turnover rose by 4 per cent to Fl 1.5bn, with operating profits also increasing.

Dr Zempelin told the annual meeting that Enka should at least be able to reduce its losses further this year, possibly even emerging from the red.

So far in 1978, group capacity *utilisation in Germany* and Holland was running at around 90 per cent. Sales of nylon filament yarn had been especially disappointing, though, with viscose filament and polyester fibre business also weak.

In the non-synthetic fibre sector, however, he reported a generally satisfactory trend.

AEG meeting to propose share voting controls

BY OUR FINANCIAL STAFF

THE proposal by AEG-Telefunken to limit shareholders' *voting rights to a maximum of* 10 per cent comes before today's annual general meeting in Berlin.

Th meeting takes place against a background of heavy stock market turnover in the AEG shares and rumours of substantial stakes being built up in the company, the second largest electrical group in Germany after Siemens and number three in Europe.

In the agenda for the meeting, the AEG directors spell out the *basic platform for their views on* voting controls. They maintain that "potential partners in new co-operation schemes" are discouraged by speculation that major shareholdings in the company are changing hands.

During the first week of June, the AEG share price rose some 9 per cent. Although the West German equity market has been *firm recently this is still a relatively spectacular movement by* German bourse standards.

According to agencies based in Frankfurt, major German banks have written to shareholders whose stock they represent by *proxy, requesting them either to* attend the meeting or make known their voting intentions. Dresdner Bank has told shareholders that their interests are directly affected by the proposal, but has not made a recommendation, while Commerzbank has invited shareholders to vote against the motion. Deutsche Bank has recommended a vote in favour, a bank spokesman said.

From Munich it is reported that Dresdner Bank sees no danger of a foreign infiltration of AEG. Wolfgang Roeller, management Board member told journalists here that "rumours that foreign interests were boosting their shareholdings were "ungrounded and incomprehensible." *Hans Friderichs,* management Board speaker, saw the measure as preventative. He said already under West German agreements with a series of countries, foreign holders of more than five per cent of a company's shares must notify the Government.

Philips computer move

BY OUR OWN CORRESPONDENT

AMSTERDAM, June 19.

THE DUTCH-BASED international electrical group Philips plans to pull out of a computer services centre it jointly owns with Algemene Bank Nederland. ABN will thus become the sole owner of the Algemene Reken Centrum (ARC) in Amstelveen, south of Amsterdam.

Recent developments in the fields of computers within the Philips group have made the shareholding in ARC less interesting to the electrical company, ABN said in a statement. *Philips's joint venture into* large-scale computers with the German Siemens group and CII of France, Unidata, was ended in 1975 after less than two years.

ARC will continue to operate independently of ABN in the computer services market. It *offers turnkey projects, con*sultancy, and software developments and applications. ABN has for some time offered computer services to its clients including standard programmes for salary, business and stock administration and computer communications systems.

Philips is currently negotiating the sale of the isotopes manufac*turing division of its Philips*-Duphar pharmaceuticals subsidiary.

EOE signing up UK players

By Charles Batchelor

AMSTERDAM, June 19

THE EUROPEAN Options Exchange (EOE) has made a significant *breakthrough into* the UK market by signing up three British stockbrokers as ublic order members. It is also considering applications from a further three UK firms, Mr. Lubbertus Scholten, managing director of the EOE said.

It also today announced a major extension to the range of quoted options. The Dutch-German chemicals group Akzo, Boeing Company, *Occidental* Petroleum Corporation and Schlumberger will be quoted from Monday, June 26.

Hoogovens, the Dutch arm of the Dutch-German steel group Estel, Polaroid and Xerox Corporation will be *traded from Monday, July 3.*

W. I. Carr and Sons, which was previously a member through its Hong Kong subsidiary, is now a direct member of the exchange, as is Joseph Sebag which was previously represented through its Bermuda office. The third UK member is Phillips and Drew. W. I. Carr is expected to clear through First Options of Amsterdam, in which it has a one-third stake together with First Options of Chicago and Barclays Kol. Sebag is expected to clear through Merrill Lynch and Phillips and Drew has yet to establish links with a clearing member.

Direct British involvement in the EOE was delayed initially by fears that payments for option deals on UK stocks in Amsterdam would incur the dollar premium. It was later thought that British *firms would need special* dealers' licences to join the Amsterdam exchange under the the Prevention of Fraud (Investments) Act. Neither was found to be the case.

Direct UK involvement is *expected to increase interest* in the three UK stocks listed on the exchange. These stocks —BP, GEC and ICI—have been practically neglected due to the parallel operations of the London options market.

Traders welcomed the listing of seven new stocks which takes the total up to 24. Companies like Boeing, Polaroid and Xerox are expected to create active interest while Schlumberger *will stimulate French interest.*

Hoogovens and Akzo are also potentially active stocks which could be expected to attract German as well as Dutch interest. Both have been excluded until now since both have run into difficulties in recent years and have suspended dividend payments several times. However, the recent listing of KLM gave the market the biggest boost since it opened on April 4. *KLM has only just returned* to dividend in 1977-78 after a seven-year gap.

FOREIGN LOANS ANALYSIS

New data reveals high unused credit level

BY MARY CAMPBELL, EUROMARKETS EDITOR

IF DATA reported by banks in the UK is anything to go by, less-developed and semi-industrial countries maintain unused credit facilities approaching a third of the loans they have already drawn down. Banks would not necessarily have to increase their lending by this very large proportion simply on request since the new data include facilities which are revocable and informal as well as those which are irrevocable and legally binding.

However, although the system would, to say the least, be *strained if all the facilities were* called on at once, the figures are an indication of the extra foreign exchange which individual countries could raise should they need it.

The figures appear in a new analysis in the Bank of England Bulletin which will henceforth be published twice a year instead of quarterly. It gives a break-down of loans by banks in the UK to entities in each individual country according to their maturities as well as showing the *size of undrawn credit facilities* available to entities in each country.

It is part of a wider move being co-ordinated by the Bank for International Settlements (BIS) to gather and publish informa*tion on the maturities of all* major banks' lending to each country thus giving an indication *of the exposure of the international banking system as a whole* to borrowers in each country.

No distinction is made between *public and private sector* borrowers.

The information is being gathered through central banks *in each country housing major* banks. Lending to entities in these countries (the Group of Ten, Austria, Denmark, Ireland and *Switzerland*) is excluded from the Bank of England's new statistics.

A *pilot exercise* was carried out at the end of 1976. From now on, it will be done every six months. The consolidated *figures being prepared* by the BIS have not yet been published.

The Bank of England's new data on banks in the UK for *the first time gives an indication* of the proportion of banks' outstanding international loans which is for very long maturities *Figures on lending for periods* of three years or more have been published for some years. *The new data shows* that $8.1bn or 14 per cent of all loans to the less developed or semi-industrial countries which banks in the UK have *on their* books is not due to be repaid for at least five years.

The new data is not compar*able to data collected* by the Bank previously for feeding into the BIS statistics. The figure is some $7bn higher than it would *have been on the previous basis* due to the addition of commercial bills and acceptances, many of them under ECGD guarantee, to the figures for banks' lending.

When it comes to reporting figures to the BIS, it is understood that the extent to which guaranteed export credits are included varies from country to country.

Another point of interest about the new figures is the high proportion of the unused credit facilities which are denominated in sterling rather than other currencies. At 30 per cent of total facilities, this is roughly three *times the proportion of banks'* loans which are sterling denominated.

It is thought that this big *discrepancy is* partly due to a higher sterling proportion among export credit facilities which have not yet been drawn and partly to the fact that standby facilities by banks in the UK for banks abroad would be substantially denominated in sterling. Such standby facilities usually take the form of agreements to swap the home currency of one bank for another currency should the bank activating the agreement fall short.

Thus arrangements for dollar standbys would be made with banks in the United States, and arrangements for sterling standbys with banks in the UK.

BANKS IN U.K.: Foreign Business

		Lending†					Unused credit facilities		
	Deposits	Total	Under 1 year	1-3 years	3-5 years	5+ years	£	$	Total
W. Europe*	9.8	12.5	5.7	2.4	2.1	2.0	0.5	2.7	3.2
E. Europe	1.9	9.9	5.1	2.4	1.5	0.9	1.0	2.0	3.1
Aus., NZ, S. Africa	0.8	4.6	2.0	1.2	0.7	0.5	0.7	1.3	2.0
OPEC countries	34.0	11.0	6.6	1.6	1.2	1.4	0.9	2.2	3.1
Non-oil LDCs	19.1	18.4	6.4	4.6	3.4	3.3	2.3	3.7	6.0
Sub-total	65.6	56.5	25.6	12.2	8.9	8.1	5.4	12.0	17.4
Offshore Banking centres	22.0	30.2	25.5	1.7	1.1	1.5	0.3	1.6	1.9
Grand total	87.6	86.7	51.1	14.0	10.0	9.6	5.8	13.5	19.3

* In order of importance, Spain, Norway, Finland, Greece, Yugoslavia, Turkey, Portugal, Iceland and Cyprus. Group of ten countries, Austria, Denmark, *Republic of Ireland and Switzerland are completely* excluded from the analysis.

† Sub-totals do not add up both because of rounding and because individual accounts of less than $500,000 are excluded from sub-totals.

Recovery at Printemps

BY OUR FINANCIAL STAFF

FRENCH STORES group Au Printemps aims to move out of the red this year with an operating profit of around FFr 35m.

Judging by the results for the first five months, the directors *see no reason why this objective* should not be achieved. Much depends on the turn of events in the second half, but up to May *sales at the Printemps shops were* running some 10 per cent ahead.

Group net losses in 1977 totalled FFr 64.5m compared to FFr 49.4m. Capital spending during the year totalled FFr 46.7m after FFr 75m in 1976. But the company expects to start ploughing back greater amounts in the current 12 months. It has earmarked FFr 65m for investment, mostly in shop renovations and building.

The company is apparently looking for "new outlets and possible ways of diversifying."

IBM France increases profits

BY OUR FINANCIAL STAFF

SHARP increases in profit and sales are reported for 1977 by IBM France, the offshoot of International Business Machines of the U.S.

Profits at the net level are 24 per cent higher at Frs788m. The result has been achieved on a rise in sales of 12.3 per cent to Frs9.86m *so margins* over the year have widened noticeably.

The company points out that industrial investments moved up sharply in 1977 to Frs1.59bn, a rise of 30 per cent.

The directors told a Press *conference* that the capital of the company had been raised to Frs1.17bn from Frs716m in December, 1977, by the incorporation of existing reserves.

* * *

French building firm, Fougerolle will make a FFr 79.9m convertible bond issues on June 22. The bonds, priced at FFr 135 *each with a life of 12 years, will* be offered to shareholders on a one bond for one share basis. Each bond is convertible into one share at any time.

Public offer by Enel

Italian state electricity utility Enel plans to go ahead next month with its first public offering since 1976, in the form of a L500bn seven-year bond, Reuter reports from Rome. Price of the issue has not yet been fixed: coupon will be 12 per cent.

So far this year Enel has raise dL800bn through the issue of a bond in three tranches.

Sales downturn at Preussag

HANOVER, June 19.

PREUSSAG, the West German *mining and raw materials* concern, said its first quarter consolidated turnover declined 8.5 per cent to DM 657.6m ($313m) from DM 718.7m in the same period of the previous year.

In a company newsletter, *Preussag said the turnover* decline was primarily due to the continuing weakness in its metals sector. Turnover in that sector was off 28 per cent to DM 212.8m from DM 296.5m in the 1977 quarter.

Losses have been particularly large in its zinc sector, the company said. As a result of the weak zinc demand, Preussag has cut capacity at its Harz foundry by 50 per cent and at its Rammelsberg ore mine by 40 per cent.

Most other sectors of Preussag's business—transportation, oil and chemicals, coal, and construction —registered small rises in turnover against the level a year earlier.

AP-DJ

BfG advances up sharply

BY GUY HAWTIN

FRANKFURT, June 19.

BANK FUER GEMEINWIRTSCHAFT reports a substantial improvement in its credit business during the past two months. Business was slow in the first quarter, but by the end of May advances to customers were up 26 per cent on the position a year earlier—a rise of DM 600m to DM 14.2bn ($6.78bn).

Earnings were also satisfactory. A 16 per cent increase in business volume, together with a small rise in interest margins and improved management earnings, more than offset a 14.5 per cent increase in administration costs and pushed operating profits up by 12.4 per cent.

For the 1978 business year, the bank—which is owned by West *German trade unions as well as* public bodies and co-operatives—is expecting a favourable profits performance. Providing Bundesbank money policy remains unchanged, it hopes to at least equal those of 1977.

It is also planning to build up its overseas business and has set itself the target of generating some 30 per cent of earnings overseas. As part of this programme, it is to open a representative office in Hong Kong at the start of next year.

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Brown Boveri plans to take over Ceag Light-Und Stromversogungstechnik of Soest, as soon as the application passes through the Federal Cartel Office without objection. Ceag has a base capital of DM 3m and increased turnover by 7.3 per cent to DM 92m in 1977.

* * *

Volkswagen is not involved *in* concrete negotiations over the purchase of a big stake in Gutehoffnungs-Huette Aktienverein (GHH), the company said after a report in the magazine "Der Spiegel."

This said that VW was interested in buying into the West German engineering group as part of a long-term diversification policy.

VW said it was holding talks in various industrial sectors within the framework of its investment policy, but these have so far produced no concrete results.

Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Rights issue from ANZ to raise A$31m

BY JAMES FORTH

SYDNEY, June 19.

THE ANZ banking group plans to raise about $A31m (U.S.$35m) by way of a rights issue to shareholders. The directors said that the proceeds of the issue would finance continued growth in the operations of the group. The rights issue follows a 22 per cent increase in profit recently reported for the March half-year, to $A26.3m.

The issue is on the basis of one new share for every eight held at an issue price of $A2.75. Based on today's closing price in the market of $A3.05 the rights have a theoretical value of 4 cents a share.

The new share will not rank for the interim dividend of 9 cents a share which will be paid on July 9, but they will receive the final dividend. The directors expect to set an annual rate of at least 18 cents, which will mean a final payment of not less than 9 cents.

In 1976-77 the ANZ paid a final dividend of 12 cents, making an annual payment of 20 cents, or 2 cents above the minimum forecast by the Board.

The latest issue will increase paid-up capital by $A11.3m to $A101.4m. It is the first cash issue since January, 1977, when a one-for-five issue was raised at $A2.75 a share. Earlier this year the bank made a one-for-four scrip issue.

* * *

FROM MELBOURNE, Reuter reports that Repco and Ampol Petroleum have agreed on Repco acquiring a 50 per cent stake in Ampol Finance, a wholly-owned Ampol unit. The news emanated from both parties.

After the acquisition is completed and the company's name changed to Ampol Repco Finance, probably on July 3, each company will take up a further 2m shares in the finance company, making its issued capital 12m shares of 50 per cent par value.

The statement said that Ampol Finance is mainly engaged in commercial lending and leasing. At end-September, 1977, it had gross outstandings of $A42m.

Ambassador Hotel going public

BY H. F. LEE

SINGAPORE, June 19.

AMBASSADOR HOTEL, a small Singapore hotel company, will be making a public offer of 2m of it shares and seeking a listing on the Stock Exchange of Singapore. The shares, which will be issued at the par value of S$1 per share, will raise the copany's issued capital to S$6.23m.

The purpose of the issue is to raise funds to repay part of its long-term loans and to provide sufficient working capital for the diversification of the company into related fields. Ambassador said that plans are being made to operate a chain of food establishments in Singapore and Malaysia.

The company has been operating profitably since it was formed in 1972 to acquire the 168-room hotel. Pre-tax profit for 1977 amounted to S$540,286 (US$230,000), while the post-tax figure was S$315,286.

Ambassador has forecast a pre-tax profit of around S$800,000 for the current year. It also expects to declare a dividend of not less than 7½ per cent for the current year—its first since its incorporation in 1972.

Net tangible assets per share after the issue are estimated at S$1.39.

The Ambassador Hotel issue comes with the spate of new issues which have appeared in the Singapore stock market to take advantage of the current bullish conditions.

Public Bank profit up

By Wong Sulong

KUALA LUMPUR, June 19.

PUBLIC BANK BERHAD after-tax profits rose by 6.6 per cent to 2.48m ringgits (U.S.$1m) last year, though profits from the parent bank fell 5 per cent to 1.69m ringgits.

More aggressive lending policies at the bank's subsidiary, Public Finance Berhad, boosted its profits by 41 per cent to 777,000 ringgits.

The chairman, Datuk Teh Hong Piow, described the performance as satisfactory in view of rising overheads, stiff competition, high liquidity ratios, and lending constraints imposed by the central bank.

The bank opened its eleventh branch in Kota Baru recently, and has plans for more in the current year.

Its 24-storey headquarters in Kuala Lumpur is due to be completed later this year, and the bank sees another source of revenue in rentals.

Sime Darby unit setback

BY OUR FINANCIAL STAFF

CONSOLIDATED Plantations, the Sime Darby subsidiary has announced a fall in attributable profit for the nine months to March 31 of 13.4 per cent to 28.81m ringgits, from 33.25m ringgits in the same period of the previous year.

The fall took place in spite a rise of 12.2 per cent in turnover to 157.58m ringgits, from 140.41m ringgits. Pre-tax profits were down 7.5 per cent to 51.93m ringgits, from 56.1m ringgits, with tax at 23.1m ringgits, against 24.97m ringgits.

Extraordinary items reduced profits by 3,000 ringgits, whereas in the same period of the previous year, they produced a gain of 2.07m ringgits.

Security Pacific

SECURITY PACIFIC BANK, of Los Angeles has begun discussions aimed at acquiring all the shares of the Bank of Canton, of Hong Kong, which it does not already own.

Mr. Robert P. Williamson, senior vice-president and administrator for Asia of Security Pacific, and Mr. P. T. Huo, chairman of the Bank of Canton, said that the discussions may result in cash offers by Security Pacific of HK$10 each for all the issued 12 per cent first preference shares and 6 per cent second preference shares, and HK$1 each for all outstanding new ordinary shares.

Security Pacific Overseas already owns 63.3 per cent of the issued 12 per cent first preference shares, 7.8 per cent of the 6 per cent second preference shares and 69 per cent of the new ordinary shares in the Bank of Canton.

The banks were awaiting the appointment of independent advisers to represent some thousands of minority stockholders before continuing the discussions.

AP-DJ

Tongaat confident of maintained earnings

By Richard Rolfe

JOHANNESBURG, June 19.

THE DIVERSIFIED sugar group, Tongaat, which recently acquired control of the brick manufacturer, Primrose Industrial, expects current earnings per share this year similar to the level of 65.2 cents achieved in the year to March 31, 1978, with benefits from Primrose offsetting the expected decline in sugar-sourced profits. Primrose and Tongaat's existing brick manufacturer, wholly-owned Coronation Industrials, are at present investigating rationalisation moves.

Sugar produced rose from 192,000 tonnes to 211,000 tonnes last season and directly contributed 40 per cent of group earnings. In addition, Tongaat's 24.7 per cent interest in the much-bigger Huletts Corporation, which accounts for over a third of South African sugar production, against Tongaat's direct 10 per cent, contributed the bulk of Tongaat's investment income, another 17 per cent of group earnings.

But after last year's excellent performance, the chairman, Mr. C. J. Saunders, describes the outlook for sugar as "bleak." He notes depressed world prices, record production and heavy stocks held by exporting nationals as the the main factors. In South Africa, export revenue added to domestic sales at controlled prices "will not be sufficient to cover costs and the modest return on capital which is permitted by the Government."

As a measure of the problem, the industry's price stabilisation fund, which stood at a peak of R96m three years ago, is now down to R9.6m and will be completely used up in the current year. So the call is for a rise in the local price, failing an upturn in the world price. The Tongaat directors' report concludes: "Unless a significant improvement in revenue is achieved in the short-term, in either one or both of these markets, the industry has good reason to face the 1978-79 year with apprehension."

Despite the reliance on sugar, the chairman says that Tongaat "has the structural and financial potential to average a comparable growth rate throughout the span of its planning horizon to 1982." This apparently means that growth will be achieved in part by acquisitions "and expansion into new areas of activity." For the five years up to March 31, Tongaat's earnings growth was a compound 22 per cent annually.

Israeli government cash injection for El Al

BY L. DANIEL

TEL AVIV, June 19.

EL AL ISRAEL Airlines is to receive the equivalent of $5m from the ministries of Transport and Finance to cover the losses it has sustained as a result of the three-week strike in April and the subsequent reduction in bookings.

El Al is in need of additional operating capital as it is taking delivery of its sixth Boeing Jumbo this week—a dual configuration one capable of carrying either over 400 passengers or 100 tonnes of cargo. The airline is due to receive another Jumbo later this year and has an option on yet another two. Part of the payment is being defined as participation by the government in the payments which El Al has to make to its security personnel.

* * *

ELECTROCHEMICAL Industries (Frutarom) of Acre—Israel's only producer of pvc which also makes chlorine, caustic soda aromatic products, and fire-extinguishing powders, and recently extended its activities into spices under an agreement with the Baltimore Spice Company—reports that its pre-tax earnings rose by 12 per cent in 1977 to I£15m ($860,000), L. Daniel writes from Tel Aviv. Despite increased taxation (I£6.4m) its net after-tax income is reported as I£8.6m, against I£6.9m in 1976 before prior-year adjustments of I£0.8m. It is proposed to pay only a stock dividend—of 15 per cent (1976 stock dividend of 7 per cent).

The company requires liquid funds as it is currently increasing its capacity with a new 100,000 tonne P.A. vinyl chloride plant to go on stream by end-1978. This summer, the new 65,000 tonnes a year s-pvc plant should become operational, and it is also hoped that the company's potassium carbonate capacity will be raised to about 5,000 tonnes pa.

Productivity boost for Polgat

BY OUR OWN CORRESPONDENT

TEL AVIV, June 19.

POLGAT—ISRAEL'S outstanding textile producer and exporter—reports a net profit for 1977 of I£44m ($2.5m)—a rise of 69 per cent on the preceding year. Earnings per share rose from I£0.50 per I£1 share to I£0.74.

Total sales of the combine came to I£677m ($38.7m)—an increase of 45 per cent on 1976. Direct exports totalled $20m as against $17m in 1976. In real terms, overall turnover has doubled over the past four years while the company's labour force increased by only 42 per cent to 3,700.

The positive developments are expected to continue this year. Bagir, one of the main plants in the concern, which exports finished fashion apparel, has already reported overseas sales for the first five months of this year worth $5.8m (a 52 per cent rise on January-April, 1977, and expects a 40 per cent rise to $14m for the whole of this year.

* * *

THE investment company of Bank Hapoalim—Israel's second largest bank—has reported a rise of 36.4 per cent in its consolidated balance-sheet last year to I£893m, L. Daniel writes from Tel Avil. Consolidated pre-tax profit rose by 54 per cent to I£24.4m ($1.4m). It is proposed to pay 20 per cent in bonus shares to holders of ordinary and ordinary "A" shares (15 per cent bonus in respect of 1976) in addition to unchanged cash dividends of 15 per cent gross to holders of ordinary shares and of 5 per cent gross to holders of ordinary "A" shares.

Union Bank of Israel funding operation

BY OUR OWN CORRESPONDENT

TEL AVIV, June 19

UNION BANK of Israel — a subsidiary of Bank Leumi which for many years has specialised in financing the diamond trade — intends to raise I£155m ($9m) by a one-for-four rights issue of 21.5m registered shares of I£1 each, 26.5m nominal of registered capital notes (options) 1983, series 4, convertible into shares at a rate of I£3 nominal option for each share (subject to adjustment) against an additional cash payment of I£3 at the time of conversion, and I£43m of 18 per cent registered deferred capital notes 1982-91, series 5, convertible into ordinary shares at a rate of 550 per cent, subject to adjustments.

The shares, options and convertible bonds are to be offered in a unit consisting of one ordinary share, one I£1 nominal option and I£2 nominal capital note. The price of I£7 per unit is made up by I£4 (400 per cent) for the share, with the capital note and options at par.

The parent company, Bank Leumi, has announced that it intends to utilise its rights to purchase the shares offered. Bank Leumi and its subsidiaries together hold some 82 per cent of the voting rights and 36.8 per cent of the paid-up capital of the bank.

Union Bank's total assets at end-1977 stood at I£13.88bn (more than double the I£6.34bn at end-1976).

* * *

First International Bank of Israel Holdings, and its fully-owned subsidiary, the First International Bank of Israel, have submitted a joint draft prospectus for the issue of its 25m nominal ($1.4m) registered ordinary shares of I£5 each in FIBI Holdings and of I£150m nominal registered 6 per cent deferred, I£100 each, capital notes 1983-86 (series J) of the bank, with the principal linked to the consumer price index to the extent of 70 per cent and convertible in 1980-1988 into ordinary I£5 shares of FIBI Holdings. The issue is to be made in 500,000 units, each unit comprising two shares and I£300 nominal capital notes. Of the capital notes, I£10m are to be offered to employees. The issue price has not yet been announced.

* * *

BAYSIDE LAND Corporation, a subsidiary of Israel Discount Bank Holding Corporation, plans to raise I£39m ($2.2m) gross, or an estimated I£38.4m net through the sale of 10m registered ordinary shares of I£1 each and 600,000 registered ordinary shares of I£5 each, L. Daniel writes from Tel Aviv.

The issue is to be in 200,000 units (of which 9,400 are to be offered to employees), each unit consisting of 50 I£1 shares and three I£5, at the price of I£195 (300 per cent of par) per unit.

The proceeds are to be used to finance the purchase of additional real estate and the construction of further industrial and commercial premises.

Konishiroku moves to offset rise in yen

By Yoko Shibata

TOKYO, June 19.

KONISHIROKU PHOTO Industry, raking second in Japanese production of photo-sensitive materials, and a manufacturer of electric auto focusing cameras, countered the impact of yen revalutions by mass production of higher grade cameras during fiscal year ended last April.

Despite a drop in export profitability, Konishiroku confined the effect on current profits to a 7.5 per cent decline at Y11.2bn ($50m), thanks to economies on mass production of cameras and films and other rationalisation measures. Konishiroku's exports accounted for 40 per cent of total sales, of which dollar based exports also accounted for 40 per cent. As a result, a Y8bn exchange loss was incurred.

Sales, including film plant exports to the USSR, amounted to Y132.4bn ($607m), up 4.6 per cent. Net profits were Y5.7bn, up 7.5 per cent over the previous year.

In the current fiscal year, ending April, 1979, the company faces problems, including the cut in import duties on colour films, and the continuing decline in export profitability as the yen appreciates.

Bonds plan to aid Chisso

TOKYO, June 19.

THE Japanese Government is to allow the Kumamoto prefectural government to issue local bonds over the next four years to help salvage Chisso Corporation, the Cabinet said. The chemical firm is burdened with large pollution compensation payments.

The amount of the bond issues, with a life of 30 years including a 15-year grace period and guaranteed 60 per cent by the Japanese Government and 40 per cent by a banking syndicate, will be decided after a survey of Chisso's financial position.

Reuter

Midland Bank expansion

TOKYO, June 19.

LORD ARMSTRONG, chairman of Midland Bank, today predicted that Japan would become an international financing centre. He told a press conference here his bank opened a branch in Tokyo last April based on this assumption, after having only a representative office for the past five years.

The Tokyo branch, to be officially inaugurated tomorrow, is the second full-scale overseas office the bank has opened. The other is in Bahrain.

Lord Armstrong said the bank was also interested in establishing similar branches in Hong Kong, Singapore, West Germany, France, Spain, Canada and the Soviet Union, and was considering investments in South Korean commercial banks.

Reuter

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96⅝	97⅛
AMEV 8pc 1987	95⅜	96¼
Australia 8¾pc 1992	92⅞	93¼
Australian M. & S. 9½pc '92	96⅞	97⅛
Barclays Bank 8¾pc 1992	96¼	96
Bowater 9pc 1992	97½	98¼
Can. N. Railway 8¾pc 1986	96½	[illegible]
Credit National 8¾pc 1986	95½	[illegible]
Denmark 8½pc 1984	97⅞	98¼
ECS 9pc 1993	98⅞	99¼
ECS 9½pc 1997	93⅞	94½
EIB 8¾pc 1992	97½	98
EMI 9½pc 1989	98¼	99
Ericsson 8¾pc 1989	95½	96¼
Esso 8pc 1986 Nov.	99½	100½
Gt. Lakes Paper 8¾pc 1984	97½	98
Hamersley 9½pc 1992	99⅜	100¼
Hydro Quebec 9pc 1992	94½	95¼
ICI 8¾pc 1987	96½	97½
ISE Canada 9¼pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	94½	95½
Massey Ferguson 9¼pc '91	95	96
Michelin 9¼pc 1988	100½	101
Midland Int. Fin. 8¾pc '92	94½	95¼
National Coal Bd. 8pc 1987	93¼	94½
National Wstmnstr. 9pc '86	99½	100¼
Natl. Wstmnstr. 9pc '86 'B'	99½	100
Newfoundland 9pc 1989	95½	96¼
Nordic Inv. Bank 8½pc 1988	96¼	97
Norges Kom. Bk. 8½pc 1992	95½	96¼
Norpipe 8¾pc 1989	[illegible]	96½
Norsk Hydro 8¾pc 1992	95	96¼
Oslo 9pc 1988	98⅞	99¼
Ports Autonomes 9pc 1991	97½	98¼
Prov. Quebec 9pc 1993	93⅞	94½
Prov. Saskatchwn. 8¾pc '86	96	96½
Reed International 9pc 1987	93½	94¼
RHM 9pc 1992	93	93½
Selection Trust 8¾pc 1989	[illegible]	91½
Skand Enskilda 9pc 1991	97½	98
SKF 8pc 1987	92	92½
Sweden (K'dom) 8¾pc 1987	94½	95
United Biscuits 9pc 1989	97½	98¼
Volvo 8pc 1987 March	92½	93¼
NOTES		
Australia 7¾pc 1984	93⅞	94¼
Bell Canada 7¾pc 1987	95½	96¼
Br. Columbia Hyd. 7¾pc '85	92⅞	93½
Can. Pac. 8¾pc 1984	97½	98
Dow Chemical 8pc 1986	98½	99
ECS 7¾pc 1982	94⅞	95¼
ECS 8¾pc 1989	94½	93½
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94½	95
Enso Gutzeit 8½pc 1984	96½	97
Gotaverken 7¾pc 1982	[illegible]	96¼
Kockums 8pc 1983	96⅞	[illegible]
Michelin 8¾pc 1983	98½	99¼
Montreal Urban 8¾pc 1981	99⅜	99¾
New Brunswick 8pc 1984	96½	97⅞
New Bruns. Prov. 8¾pc '83	99½	100½
New Zealand 8¾pc 1986	96	96⅞
Nordic Inv. Bk. 7¾pc 1984	94½	95
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95¼
Ontario Hydro 8pc 1987	93⅞	94½
Singer 8¾pc 1982	99⅞	100½
S. of Scot. Elec. 8¾pc 1981	98⅝	99½
Sweden (K'dom) 7¾pc 1982	95½	96¼
Swedish State Co. 7¾pc '82	95½	96½
Telmex 9½pc 1984	89½	90½
Tenneco 7¾pc 1987 May	91⅞	92½
Volkswagen 7¾pc 1987	93½	94
STERLING BONDS		
Allied Breweries 10½pc '90	87⅞	88⅞
Citicorp 10pc 1993	91	92
Courtaulds 9½pc 1989	89	90
ECS 9½pc 1989	94⅞	95⅞
EIB 9¾pc 1988	94½	95½
EIB 9¾pc 1992	92⅞	93⅞
Finance for Ind. 9¾pc 1987	90	91
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	95½	96½
Gestetner 11pc 1988	91⅞	92⅞
INA 10pc 1988	90⅞	91⅞
Rowntree 10¾pc 1988	88	89
Sears 10½pc 1988	89⅞	90⅞
Total Oil 9¾pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5½pc 1988	96½	97½
BNDE 6½pc 1986	96⅞	97½
Canada 4¾pc 1983	98	98⅞
Den Norske Id. Bk. 6pc '90	99⅞	100½
Deutsche Bank 4¾pc 1983	97⅞	98½
ECS 5¼pc 1990	95½	96
EIB 5¼pc 1990	94⅞	95½
Elf Aquitaine 5¾pc 1988	95	95⅞
Euratom 5¾pc 1987	98½	99
Finland 5¾pc 1986	97⅞	98½
Forsmarks 5¾pc 1990	97½	98¼
Mexico 6pc 1985	96	96⅞
Norcem 5¾pc 1989	100	100⅞
Norway 4¾pc 1982	99½	100
Norway 4¾pc 1983	97	97⅞
PK Banken 5¾pc 1988	96	96⅞
Prov. Quebec 6pc 1990	97	97⅞
Rautaruukki 5¾pc 1988	95	95⅞
Spain 6pc 1988	96	96⅞
Trondheim 5¾pc 1988	96½	97½
TVO Power Co. 6pc 1987	97	97⅞
Venezuela 6pc 1988	97	97⅞
World Bank 5¾pc 1990	98	98⅞
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99½	100
BFCE 1984 8¾pc	99⅞	100
BNP 1983 8 11/16pc	100¼	100⅞
BQE Worms 1985 9pc	98⅞	99½
CCF 1985 8¾pc	99¼	99⅞
CGMF 1984 8 11/16pc	99½	99⅞

	Bid	Offer
Creditanstalt 1984 8¾pc	99⅛	99⅞
DG Bank 1982 9pc	100¼	100⅞
GZB 1981 8 11/16pc	99⅞	100⅜
Intl. Westminster 1984 8pc	98¼	98⅞
Lloyds 1983 8 13/16pc	[illegible]	100¼
LTCB 1983 8pc	99¼	99¾
Midland 1987 8 9/16pc	99½	100
Nat. Westminster '90 8 9/16pc	99¼	99⅞
OKB 1983 7¾pc	99¼	100¼
SNCF 1985 8¾pc	99½	99⅞
Stand. and Chtrd. '84 8¾pc	99½	100
Wms. and Glyn's '84 8 11/16pc	99⅞	100¼

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	84	85½
Ashland 5pc 1988	92	93½
Babcock & Wilcox 6½pc '97	[illegible]	106¼
Beatrice Foods 4¼pc 1992	97½	99
Beatrice Foods 4½pc 1992	109	110½
Beecham 6½pc 1992	96½	97½
Borden 5pc 1992	102	103½
Broadway Hale 4½pc 1987	77½	79
Carnation 4pc 1987	77	78½
Chevron 5pc 1988	134½	136
Dart 4¾pc 1987	79½	81
Eastman Kodak 4½pc 1988	83	84½
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	81	82½
Ford 5pc 1988	85	86½
General Electric 4¼pc 1987	82	83½
Gillette 4¾pc 1987	86	88¼
Gould 5pc 1987	114	115½
Gulf and Western 5pc 1988	87½	89
Harris 5pc 1992	180	182
Honeywell 6pc 1986	85	[illegible]
ICI 6¾pc 1992	89	91
INA 6pc 1997	96	97½
Inchcape 6¾pc 1993	112½	113½
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	114	116
Komatsu 7½pc 1990	131	132
J. Ray McDermott 4¾pc '87	155½	157½
Matsushita 6½pc 1990	169	170
Mitsui 7¼pc 1990	121	122
J. P. Morgan 4¾pc 1987	99	100½
Nabisco 5½pc 1988	104½	106
Owens Illinois 4½pc 1987	111	112½
J. C. Penney 4½pc 1987	76	77½
Revlon 4¾pc 1987	118	119½
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	107½	109½
Sperry Rand 4¼pc 1987	91	92½
Squibb 4¼pc 1987	81½	83
Texaco 4½pc 1988	78½	80
Toshiba 6½pc 1992	128½	129½
Ty Co. 5pc 1984	77	78½
Union Carbide 4¾pc 1982	94	95½
Warner Lambert 4½pc 1987	83	84½
Warner Lambert 4½pc 1988	76½	78
Xerox 5pc 1988	78	79½

Source: Kidder, Peabody Securities.

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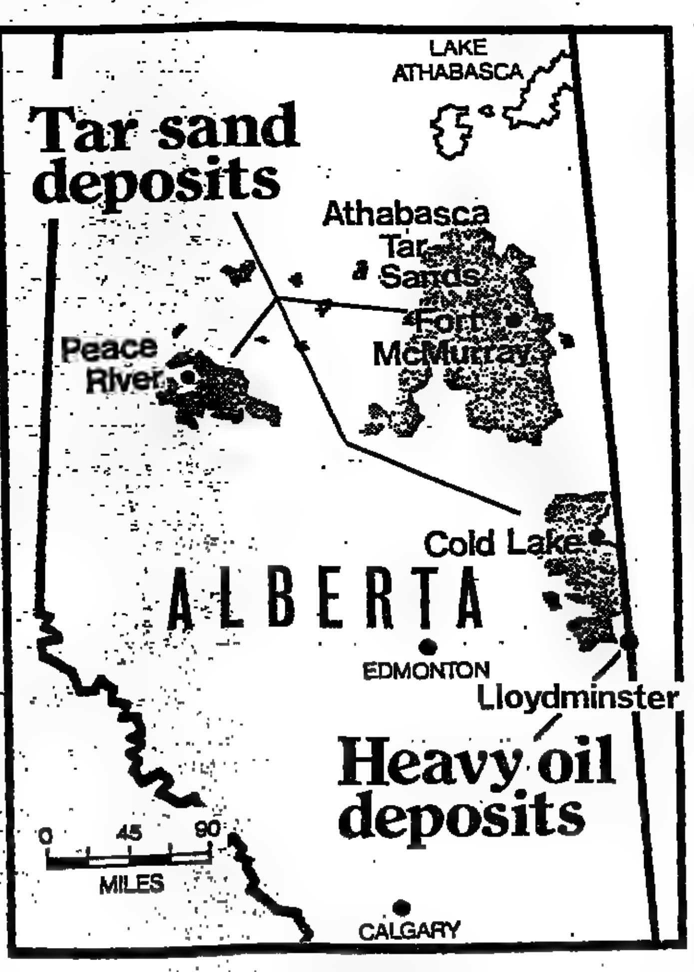
INTL. FINANCIAL AND COMPANY NEWS

The battle for Husky Oil

BY ROBERT GIBBENS



NEVER BEFORE have the heavy oil resources of the Lloydminster area of south-west Saskatchewan—they also extend into south-east Alberta,—received so much attention. But these comparatively large potential reserves, from which production has been obtained in small quantities for many years, have emerged as the main issue in the current tussle for control of Husky Oil of Calgary, a company spanning the Canada-U.S. border in production, refining and marketing, with assets of well over $C600m.

The problems since the energy crisis of 1973-74, have been the timing of large-scale production of heavy oil, the technology required and the meshing together of a large number of interests which hold leases in the area, in relation to the Canadian long-term oil supply.

From the point of view of the Federal Government, the timing could be crucial to the balance of payments and to security of supply. The prospects are good for getting new domestic capacity of perhaps 100,000 barrels daily of crude oil at half the cost of a third Alberta tar sands plant—if technical problems can be overcome. In the sands, bitumen occurs close to the surface, mixed with sand, and at present, is strip mined and then upgraded; heavy oil occurs deep below the surface.

The second tar sands mining and processing operation, Syncrude, will be starting up shortly and will ultimately have a capacity of 125,000 barrels a day of synthetic crude. This will bring total tar sands production from the two plants to around 175,000 barrels daily compared with total Canadian needs of around 2m barrels a day.

Syncrude will come on stream at a capital cost of around C$2bn. However, the third tar sands mining operation now planned by Shell Canada with partners cannot reach start-up much before the mid 1980s. It will cost around C$4bn in current dollars for the same capacity as Syncrude.

The technology to extract oil from the deep-lying tar sands through various methods of heating up the deposits underground, and using less water than Syncrude with less environmental scarring, is many years away. The most advanced project is that of Imperial Oil, which has a pilot plant using steam to heat up the heavy oils 2,000 ft down in the Cold Lake area of south-west Alberta, so releasing the crude oil into producing wells for pumping to the surface and treatment in a Syncrude-type processing plant. But it will require more time to prove the process, besides having a price tag of several billion dollars. The huge investment and timing problems that go with further tar sands plants turned the attention of governments and parts of the oil industry towards the Lloydminster heavy oils. These reserves lie deeper than those of Imperial at Cold Lake and are more viscous. They can be lifted to a minor extent using conventional production-well technology. However, generally a production well, after using secondary recovery techniques, will only pump up about 10 per cent of the available oil in a reservoir. The objective is to develop the fields further, using new tertiary technology, and to recover a greater proportion of the reservoirs, putting the oil through an upgrading plant which would produce crude capable of being pipelined to any conventional refinery.

The Husky Oil group has for many years controlled much of the land in the Lloydminster area required to support sufficient production to justify the upgrading plant, itself involving an investment of well over C$500m. While Husky last year proposed a major development programme with upgrading plant, continuous wrangling over how to pull the project together has meant long delays. The Saskatchewan, Alberta and federal governments have been involved in this wrangling besides many interests owning freehold leases in the area. However, the federal government, and the national oil company Petro-Canada, have been getting impatient.

It is quite possible that the real purpose of the Petro-Canada bid for Husky Oil was to force the issue. And federal Energy Minister Alastair Gillespie now says that the Occidental Petroleum takeover of Husky could be acceptable to Canada if there were cast-iron guarantees that this would mean fast development of the Lloydminster heavy oils.

Occidental is one of the leaders in oil-shale technology in the U.S. but whether it can contribute extra know-how to the extraction of the Lloydminster heavy oils is not clear.

Husky is a very well known name in western Canada, and it would be hard for Canadian nationalists to make a case against it. It was founded in 1938 by American oilman Glenn Nielsen at Cody, Wyoming, with a 900 barrels daily refinery, 19 employees and one producing lease. Mr. Nielsen is chairman and his son is president. The company moved into Canada in the late 1940s with the first discoveries of major oil reserves in Alberta. Today it has production, refining and marketing operations on both sides of the border with exploration interests in the North Sea, Alaska and other parts of the Western hemisphere. It holds leases in the Alberta tar sands, and in other heavy oil areas of Canada and the U.S. Last year it earned $42.8m on volume of $620m, against $30m on sales of $522m in 1976. The parent company is based in Canada, though its headquarters are in Cody. Its 1977 production from the Lloydminster area was 27,500 barrels daily, sold mainly in the U.S. Husky says it has identified 16bn barrels of heavy oil in place in the Lloydminster area.

It has formed a special technical group to develop methods of tertiary recovery to lift a greater percentage of the oil in the reservoirs. Its proposed upgrading plant would have 100,000 barrels daily rating and be operated by a new Canadian corporation owned by investors, producers, refiners and governments.

Husky would provide 25 per cent of the equity required.

It now seems that compromises are possible in the fight for control of Husky in the interest of getting the heavy oil reserves to market, especially as both countries are finding it increasingly necessary to co-operate on energy matters.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on June 19, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	82.00
Albania	Lek	10.1085
Algeria	Dinar	7.4106
Andorra	French Franc	8.457
	Spanish Peseta	145.45
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	4.959
Argentina	Ar. Peso Free Rate	1,445
Australia (S)	Australian $	1.60975
Austria	Schilling	27.55
Azores	Portug. Escudo	84.10
Bahamas (S)	Ba. Dollar	1.8550
Bangladesh (S)	Taka	27.94(sg)
Bahrain (S)	Dinar	0.711
Balearic Isles	Spa. Peseta	145.45
Barbados (S)	Barbados $	3.670
Belgium	B. Franc	(cm) 60.17 (fn) 60.60
Belize	B $	3.670
Benin	C.F.A. Franc	421
Bermuda (S)	Bda. $	1.8550
Bhutan	Indian Rupee	15.280(sg)
Bolivia	Bolivian Peso	36.70
Botswana (S)	Pula	1.5197
Brazil	Cruzeiro (7)	32.54
Br. Virgin Isles (S)	U.S. $	1.8550
Brunei (S)	Brunei $	4.271
Bulgaria	Lev	1.9471
Burma	Kyat	12.6685
Burundi	Burundi Franc	164.415
Camero'n Rp	C.F.A. Franc	421
Canada	Canadian $	2.05475
Canary Isles	Spanish Peseta	145.45
Cape Verde I.	Cape V. Escudo	84.10
Cayman Isls (S)	Cay. I. $	1.529
Cent. Af. Rp.	C.F.A. Franc	421
Chad	C.F.A. Franc	421
Chile	C. Peso	(Bk) 60.19
China	Renminbi Yuan	3.1585
Colombia	C. Peso	(F) 69.88
Comoro Is	C.F.A. Franc	421
Congo (B'ille)	C.F.A. Franc	421
Costa Rica	Colon	15.73
Cuba	Cuban Peso	1.38151
Cyprus (S)	Cyprus £	[illegible]
Czechoslovak	Koruna	(com) 10.10 (n.c.) 20.20 (T) 17.57
Denmark	Danish Krone	10.56⅝
Djibouti	Fr.	365
Dominica (S)	E. Caribbean $	4.959
Domin. Repub.	Dominican Peso	1.8550
Ecuador	Sucre	(o) 46.58 (F) 47.62
Egypt	Egyptian £	(O) 0.734 (T) 1.27
Ethiopia	Ethiopian Birr	(P) 3.8028
Eq'l Guinea	Peseta	145.45
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	10.56⅝
Fiji Is.	Fiji $	1.5866
Finland	Markka	7.54
France	French Franc	8.43¾
Fr. C'ty in Af*	C.F.A. Franc	421
Fr. Guiana	Local Franc	8.45
Fr. Pac. Is.	C.F.P. Franc	153.45
Gabon	C.F.A. Franc	421
Gambia (S)	Dalasi	4.005
Germany (East)	Ostmark	3.83¾
Germany West	Deutschmark	3.83¾
Ghana (S)	Cedi	2.08(sg)
Gibraltar (S)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.60975
Greece	Drachma	n.a.
Greenland	Danish Kroner	10.57
Grenada (S)	E. Caribbean $	4.959
Guadeloupe	Local Franc	8.45
Guam	U.S. $	1.8550
Guatemala	Quetzal	1.8550
Guinea Rep.	Syli	37.487
Guinea Bissau	Peso	83.7127
Guyana (S)	Guyanese $	4.679
Haiti	Gourde	9.175
Honduras Rep.	Lempira	3.58
Hongkong (S)	H.K. $	8.53⅜
Hungary	Forint	(com) 72.66 (Tour) 36.33
Iceland (S)	I Krona	494.5
India (S)	Ind. Rupee	15.280(sg)
Indonesia	Rupiah	761.52
Iran	Rial	(A) 129
Iraq	Iraq Dinar	0.5404
Irish Republic	Irish £	1.00
Israel	Israel £	31.8503
Italy	Lira	1,577½
Ivory Coast	C.F.A. Frank	421
Jamaica (S)	Jamaican Dollar	2.4442
Japan	Yen	390
Jordan (S)	Jordan Dinar	0.560(sg)
Kampuchea	Riel	2,202.0
Kenya (S)	Kenya Shilling	14.4195
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	884.59
Kuwait (S)	Kuwait Dinar	0.505
Laos	Kip Pot Pol	367.0
Lebanon	Lebanese £	5.3239
Lesotho	S. African Rand	1.55351
Liberia	Liberian $	1.8550
Libya	Libyan Dinar	(P) 0.5432
Liechtenstein	Swiss Franc	3.47⅛
Luxembourg	Lux Franc	60.17
Macao	Pataca	9.186
Madeira	Portug'se Escudo	84.10
Malagasy Rp.	MG Franc	421
Malawi (S)	Kwacha	1.5710
Malaysia (S)	Ringgit	4.38¾
Maldive Is (S)	Mal Rupee	7.21
Mali Rp.	Mali Franc	843(sg)
Malta (S)	Maltese £	0.7295
Martinique	Local Franc	8.45
Mauritania	Ouguiya	84.120
Mauritius (S)	M. Rupee	11.5194
Mexico	Mexican Peso	41.75
Miquelon	C.F.A. Franc	421
Monaco	French Franc	8.43¾
Mongolia	Tugrik	(O) 5.6444
Montserrat	E. Carribean $	4.959
Morocco	Dirham	7.72(sg)
Mozambique	Moz. Escudo	61.409
Nauru Is.	Aust. Dollar	1.60975
Nepal	Nepalese Rupee	22.020
Netherlands	Guilder	4.11½
Neth. Ant'les	Antillian Guild.	3.2846
New Hebrides	Franc	156.58
	Aust. Dollar	1.60975
N. Zealand (S)	N.Z. Dollar	1.7950
Nicaragua	Cordoba	12.67
Niger Rp.	C.F.A. Franc	421
Nigeria (S)	Naira	1.1818
Norway	Nrwg. Krone	9.91½
Oman Sultanate of (S)	Rial Omani	0.635
Pakistan	Pkst. Rupee	19.0925(sg)
Panama	Balboa	1.8550
Papua N.G. (S)	Kina	1.3160
Paraguay	Guarani	228.69
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.62565
Peru	Sol	(exC)(A) 274.87
Philippines	Ph. peso	13.515
Pitcairn Is. (S)	£ Sterling New Zealand $	1.7850
Poland	Zloty	(Com) 61.00 (T) 61.00
Portugal	Pgse. Escudo	84.10
Port Timor	Timor Escudo	84.10
Principe Isle	Pgse. Escudo	84.10
Puerto Rico	U.S. $	1.8550
Qatar (S)	Qatar Ryal	7.10
Reunion, Ile de la	French Franc	8.43¾
Rhodesia	Rhodesian $	1.2725
Romania	Leu	(com) 8.48 (nc) 22.78
Rwanda	Rwanda Franc	168.17
St. Christopher (S)	E. Caribbean $	4.959
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.959
St. Pierre	C.F.A. Franc	421
St. Vincent (S)	E. Caribbean $	4.959
Salvador El	Colon	4.53
Samoa (Am.)	U.S. $	1.8550
San Marino	Italian Lira	1,577¼
Sao Tome	Pgse. Escudo	84.10
Saudi Arabia	Ryal	6.31
Senegal	C.F.A. Franc	421
Seychelles	S. Rupee	13.55
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.27½
Solomon Is (S)	Solomon Is. $	1.60975
Somali Rep.	Som Shilling	(A) 11.55
Sth. African (S)	Rand	1.55351
S. W. African Territories (S)	S. A. Rand	1.55351
Spain	Peseta	145.45
Span. Ports in North Africa	Peseta	145.45
Sri Lanka (S)	S. L. Rupee	28.8270
Sudan Rp.	Sudan £	(A) 0.7340
Surinam	S. Guilder	3.295
Swaziland (S)	Lilangeni	1.55351
Sweden	S. Krona	8.46½
Switzerland	Swiss Franc	3.47⅛
Syria	Syria £	(A) 7.2024
Taiwan	New Taiwan	(P) 69.73
Tanzania (S)	Tan. Shilling	14.416
Thailand	Baht	37(sg)
Togo Rp.	C.F.A. Franc	421
Tonga Is. (S)	Pa'anga	1.5166
Trinidad (S)	Trin. & Tobago	4.404
Tunisia	Tunisian Dinar	0.765(sg)
Turkey	Turkish Lira	45.75
Turks & C'cs	U.S. $	1.8550
Tuvalu	Australian £	1.60975
Uganda (S)	Ug. Shilling	14.16
United States	U.S. Dollar	1.8550
Uruguay	Uruguay Peso	(com) 10.74 (fin) 10.86
Utd. A'b Emts.	U.A.E. Dirham	7.10
U.S.S.R.	Rouble	1.27
Upper Volta	C.F.A. Franc	421
Vatican	Italian Lira	1,577¼
Venezuela	Bolivar	7.86
Vietnam (Nth)	Dong	(O) 4.5301 (T) 4.1863
Vietnam (Sth)	Piastre	3.3847
Virgin Is. U.S.	U.S. Dollar	1.8550
Western Samoa (S)	Samoan Tala	1.1125
Yemen	Ryal	8.35(sg)
Yugoslavia	New Y Dinar	34.5564
Zaire Rp.	Zaire	1.491164
Zambia	Kwacha	1.525

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* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

† Rupees per pound.

‡ The Ariary has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.

§ General rates of oil and iron exports 77.070.

‖ Based on cross rates against Russian rouble.

** Rate is the Transfer market (controlled).

†† Rate is now based on 2 Barbados $ to the dollar.

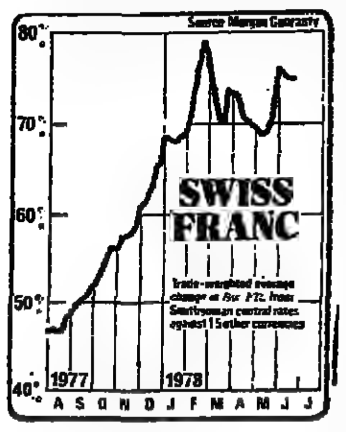
‡‡ Now one official rate.

Currency, Money and Gold Markets

Yen improves on trade figures

Attention in yesterday's foreign market was focused on the Japanese yen, which reached a further post-war high against the U.S. dollar. There was a good demand in most centres for the yen which tended to reflect the continuing trade surplus in Japan and the general feeling that this must lead to a notable appreciation in the yen. It finished at a record close of Y213.40 having been as high as Y213.15 at one point before the dollar made a slight recovery.

Although the dollar came under considerable pressure, it moved above its lowest level against some currencies. Some comfort may have been gained from OPEC's decision not to increase oil prices this year. On Morgan Guaranty figures at noon in New York, the dollar's trade-weighted average depreciation widened to 6.1 per cent, its worst level since mid-April and compared with 5.9 per cent on Friday. The yen's appreciation on a similar basis improved to 37.7 per cent against 36.3 per cent previously.



Elsewhere the Swiss franc gained at the dollar's expense to SwFr 1.8920 from SwFr 1.8925 while the West German mark also showed an improvement to DM 2.0915 against DM 2.0935.

With the exception of the yen, the level of activity in most centres remained extremely dull. Typical of the very thin trading, sterling traded at $1.8320-1.8355 against the dollar for the entire day. The opening level was $1.8330-1.8340 and at the close, the pound showed an improvement of 40 points to $1.8345-1.8355. *Using Bank of England figures*, sterling's trade-weighted index was unchanged at 61.3 having shown a slightly easier tendency at noon to 61.2.

FRANKFURT—The dollar was fixed slightly higher at DM2.0895, compared with DM 2.0884 on Friday. The Bundesbank did not intervene. News that OPEC has agreed to keep oil prices unchanged gave an initial boost to the dollar, but it fell back from the highest levels. In late trading the U.S. currency improved again however to around DM 2.0925, compared with DM 2.0878 in early business. The Bundesbank trade-weighted revaluation index of the D-mark against 22 currencies was 145.5 (145.4), up 0.7 per cent from the end of 1977.

PARIS—The dollar closed weaker on the day against the French franc in very quiet trading, at FFr 4.5955, against FFr 4.5920 at the start, but compared with FFr 4.6050 on Friday. the franc was steady against most other major currencies, but lost ground in terms of the yen.

Sterling closed at FFr 8.4250, unchanged from early levels, but a little easier compared with Friday's rate of FFr 8.4300. The D-mark finished at FFr 2.1980, against FFr 2.19575 on Friday.

MILAN—The dollar lost ground against the lira, falling to L 859.75 in terms of the lira at yesterday's fixing, compared with L861.65 on Friday. Trading in the Japanese yen was very active, with the Japanese currency rising to L4.024 from L3.975.

European currencies were generally stronger against the lira, with the Swiss franc rising to L435.32 from L452.60, and the D-mark to L411.50 from L410.46.

THE POUND SPOT / FORWARD AGAINST £

June 19	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7	1.8320-1.8365	1.8345-1.8355	0.57-0.47 c pm	3.47	1.58-1.48 c pm	3.55
Canadian $	8½	2.0500-2.0565	2.0548-2.0555	0.67-0.57 c pm	3.60	1.80-1.68 c pm	[illegible]
Guilder	4	4.09½-4.12½	4.11-4.12	3-2c pm	7.29	8-7 c pm	7.29
Belgian Fr.	5½	59.85-60.25	60.12-60.22	35-25 c pm	5.98	100-90 c pm	6.31
Danish Kr.	8	10.32¼-10.37½	10.36¼-10.37¼	1-5 ore dis	−3.51	52-72 ore dis	−2.39
D-Mark	3	3.81½-3.84½	3.83¾-3.84¾	3-2 pf pm	7.82	8½-7½ pf pm	8.73
Port. Esc.	18	83.50-84.50	83.85-84.35	15-105 c dis	−13.56	75-475 c dis	[illegible]
Span. Pes.	8	145-146	145.35-145.55	Par-100 c dis	−4.13	Par-100 c dis	−1.37
Lira	11½	1,574-1,582	1,577½-1,578½	1 lire pm-2 dis	−0.38	1-4 lire dis	−0.63
Nrwgn. Kr.	7	9.88¾-9.92	9.90½-9.91½	¼ ore pm-1½ dis	−0.90	1-2½ ore dis	−0.50
French Fr.	9½	8.40½-8.44⅛	8.42½-8.43½	1½-½ c pm	1.42	3½-2½ c pm	1.35
Swedish Kr.	7	8.44½-8.49½	8.46-8.47	1¼ ore pm-¼ dis	0.71	4½-2½ ore pm	1.30
Yen	3½	387-397	389-391	2.80-2.60 y pm	8.46	8.50-8.15 y pm	8.52
Austria Sch	5½	27.30-27.70	27.50-27.60	17-7 gro pm	5.66	40-30 gro pm	5.08
Swiss Fr.	1	3.45-3.48	3.46½-3.47½	3½-2½ c pm	10.35	8½-8½ c pm	10.37

Belgian rate is for convertible francs. Financial francs 60.30-60.40.

Six-month forward dollar 2.88-2.78c pm; 12-month 5.25-5.15c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

June 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	89.27-89.33	89.30-89.33	0.01-0.03c dis	−0.12	Par	
Guilder	2.2377-2.2420	2.2410-2.2420	0.79-0.74c pm	3.72	2.16-2.11c pm	3.82
Belgian Fr	32.69-32.785	32.77-32.785	9-8c pm	2.64	24-22.5c pm	2.83
Danish Kr	5.6445-5.6510	5.6495-5.6510	—		—	
D-Mark	2.0865-2.0915	2.0905-2.0915	[illegible] pf pm	4.32	2.37-2.82pf pm	[illegible]
Port. Es	—	45.68-45.78	—			
Lira	859.75-860.20	859.90-860.10	2.95-3.25c dis	−3.93	9.00-9.75c dis	−4.26
Nrwgn. Kr	5.3975-5.4030	5.4020-5.4030	—			
French Fr	4.5900-4.5970	[illegible]	0.80-0.95c dis	−2.02	3.50-2.70c dis	[illegible]
Swedish Kr	4.6110-4.6145	4.6135-4.6145	—			
Yen	213.65-214.80	213.65-213.80	0.95-0.85y pm	4.42	2.78-2.68y pm	[illegible]
Austria Sch	—	14.9900-14.9950	—			
Swiss Fr	1.8860-1.8915	1.8905-1.8915	1.16-1.12c pm	6.62	3.28-3.23c pm	6.75

* U.S. cents per Canadian $.

CURRENCY RATES

June 19	Special Drawing Rights	European Unit of Account
Sterling	0.649935	0.672965
U.S. dollar	1.22779	1.23168
Canadian dollar	1.37498	1.37885
Austrian schilling	18.3322	18.4794
Belgian franc	40.2040	40.3313
Danish krone	6.93579	6.96015
Deutsche Mark	2.56547	2.57381
Guilder	2.75825	2.76805
French franc	5.63985	5.65882
Lira	1055.65	1059.11
Yen	264.589	263.130
Norwegian krone	6.63314	6.66083
Peseta	97.3195	97.5954
Swedish krona	5.65257	5.68047
Swiss franc	2.31807	2.32451

CURRENCY MOVEMENTS

June 19	Bank of England Index	Morgan Guaranty changes %
Sterling	61.29	[illegible]
U.S. dollar	[illegible]	−6.1
Canadian dollar	85.66	[illegible]
Austrian schilling	140.53	+20.2
Belgian franc	110.78	+12.6
Danish kroner	115.52	+6.6
Deutsche Mark	[illegible]	[illegible]
Swiss franc	181.37	+74.9
Guilder	122.86	+18.3
French franc	98.36	−4.8
Lira	56.60	[illegible]
Yen	139.82	+37.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		Note Rates
Argentina Peso	1,441-1,445	785.30-786.38	Austria	27½-28.0
Australia Dollar	1.6017-1.6178	0.8750-0.8840	Belgium	59-60½
Finland Markka	7.85-7.86	4.2830-4.2850	Denmark	10.25-10.40
Brazil Cruzeiro	31.84-32.84	17.35-17.90	France	8.37-8.42
Greece Drachma	67.327-68.991	36.70-37.60	Germany	3.80-3.84½
Hong Kong Dollar	8.52½-8.55	4.6565-4.6580	Italy	1560-1575
Iran Rial	126-132	68⅜-72	Japan	394-400
Kuwait Dinar (KD)	0.500-0.510	0.2725-0.2780	Netherland	4.08-4.12
Luxembourg Franc	60.12-60.22	32.78-32.80	Norway	9.85-9.95
Malaysia Dollar	4.38-4.39½	2.3870-2.3950	Portugal	79-82
New Zealand Dollar	1.7900-1.8000	0.9772-0.9870	Spain	145-148
Saudi Arabia Riyal	6.26-6.36	3.41-3.45	Switzerland	3.40-3.47
Singapore Dollar	4.26½-4.28¼	2.3300-2.3315	United States	1.82-1.84
South African Rand	1.5808-1.6068	0.8615-0.8783	Yugoslavia	34½-35½

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES*

June 19	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-12½	7¼-8¼	7½-7¾	4⅜-4⅝	[illegible]	3⅝-3⅞	11-11½	8-13	—	3⅝-3⅞
7 days' notice	10¾-11¼	7¼-8¼	7⅝-7⅞	4⅜-4⅝	[illegible]	3⅜-3⅝	11-11½	11-13	7⅝-7¾	2-4
Month	11¾-12¼	7¾-8¼	8⅜-8⅝	4¼-4½	1¼-1⅜	3⅜-3½	10¼-10⅝	12½-13½	7⅝-7¾	3¼-3⅝
Three months	11⅞-12⅜	8¼-8¾	8⅜-8⅝	4⅝-4⅞	1½-1⅝	3⅜-3⅝	10⅝-10⅞	12⅝-13½	7⅝-7⅞	3⅜-3¾
Six months	12-12½	8½-8⅞	8¾-9	5¼-5½	1⅞-2	3½-3⅝	10⅞-11½	13½-14½	8⅛-8⅜	3⅝-4
One year	12⅛-12⅝	8¾-9⅛	9-9¼	5⅝-5⅞	2⅛-2⅜	3¾-3⅞	11¼-11½	14-15	8⅜-8⅝	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.25-8.35 per cent; six months 8.60-8.70 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: Two years 9 1/16-9 3/16 per cent; three years 9¼-9½ per cent; four years 9½-9⅝ per cent; five years 9½-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Asian rates are closing rates in Singapore.

EXCHANGE CROSS-RATES

June 19	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.835	3.838	390.0	8.439	3.473	4.115	1578.	2.055	60.17
U.S. Dollar	0.545	1.	2.091	212.5	4.599	1.892	2.243	859.8	1.120	32.79
Deutsche Mark	0.261	0.478	1.	101.6	2.199	0.905	1.072	411.1	0.535	15.68
Japanese Yen 1,000	2.564	4.705	9.840	1000.	21.64	8.904	10.55	4046.	5.269	154.3
French Franc 10	1.185	2.174	4.547	462.2	10.	4.115	4.876	1870.	2.435	71.30
Swiss Franc	0.288	0.528	1.105	112.3	2.430	1.	1.185	454.4	0.592	17.33
Dutch Guilder	0.243	0.446	0.933	94.78	2.051	0.844	1.	383.4	0.499	14.62
Italian Lira 1,000	0.634	1.163	2.432	247.2	5.349	2.201	2.608	1000.	1.302	38.14
Canadian Dollar	0.487	0.893	1.868	189.8	4.107	1.690	2.003	767.9	1.	29.29
Belgian Franc 100	1.662	3.050	6.378	648.2	14.02	5.771	6.839	2622.	3.415	100.

INTERNATIONAL MONEY MARKET

German monetary move

The West German Bundesbank has lifted its 10-day special rediscount facility, or so-called pension facility. This was installed by the central bank at a rate of 3.25 per cent on March 13.

Under the pension facility, the Bundesbank offers to buy trade bills from banks to sell them back at the end of a 10-day period.

The move came as something of a surprise, in the light of the tight and rather uncertain conditions in the money market recently.

The German authorities also announced that the 8 per cent money supply growth target for 1978 is likely to be exceeded, largely as a result of the inflow of speculative foreign money, hoping to capitalise on an appreciation of the D-mark, earlier this year.

The widely defined money supply had risen at an annual rate of 10.1 per cent at the end of April, but has slowed in recent months. In the period from February to May growth was down to a seasonally adjusted annual rate of 8½ per cent from a rate of 14 per cent from October to January.

Athens: The Bank of Greece rediscount rate has been raised to 14 per cent from 11 per cent in a series of measures to curb inflation.

Paris: Short-term money market rates showed little change, although day-to-day money was easier at 7¾ per cent. Longer-term rates were firmer, with six-month rising by ¼ per cent to 8 5/16 per cent, and 12-month by 1/16 per cent to 9 per cent.

Amsterdam: Money market rates were generally easier, with call at 4¾ per cent, compared with 4⅞ per cent previously: one-month unchanged at 4½ per cent; three-month at 4½ per cent, compared with 4⅝ per cent; and six-month at 5¼ per cent, compared with 5⅜ per cent.

Hong Kong: Conditions in the money market were tight, with call and overnight money commanding 5¼ per cent.

New York: Treasury bill rates were mixed, with 13-week bill rates quoted at 6.73 per cent, compared with 6.72 per cent on Friday, while 26-week bills were 7.24 per cent, against 7.26 per cent. One-year bills were unchanged at 7.55 per cent.

Federal funds were steady at 7¾ per cent. Certificates of deposit were unchanged at 7.70 per cent for one-month; 7.80 per cent for two-month and 7.97 per cent for three-month.

Bankers acceptance rates were: 7.70 per cent for 30 days; 7.75 per cent for 60 days; 7.80 per cent for 90 days; 7.85 per cent for 120 days; 7.90 per cent for 150 days; and 7.95 per cent for 180 days.

High-grade commercial paper was: 7.65 per cent for 30 days; 7.70 per cent for 60 days; and 7.75 per cent for 90 days.

UK MONEY MARKET

Further exceptional help

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Despite the release of some *£645m of special deposits into the* system, the supply of day to day credit in the London money market yesterday, was again in extremely short supply. Interbank rates for overnight loans were pushed up from 10¼-10½ per cent at the start to 10¾-11 per cent on the official forecast of a shortage. However, rates eased slightly to see a lot of the day's business at 10¼-10½ per cent through to 9¾-10 per cent before falling away at the close, after excessive official intervention, to around 4 per cent.

The authorities alleviated the shortage by buying a very large amount of Treasury bills all direct from the discount houses and small numbers of local authority bills. In addition they lent an exceptionally large amount to five or six houses at MLR, for repayment today. Apart from the release of special deposits, the market was also helped by banks bringing forward balances above target. On the other hand, there was a very substantial net take-up of Treasury bills and an increase in the note circulation. This was in addition to the repayment by the houses of Friday's exceptionally large loans.

Discount houses paid up to 10 per cent for secured call loans at the start, but closing balances were taken between 5 per cent and 7 per cent.

LONDON MONEY RATES

June 19 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4-11	—	—	—	10½	5-10	—	—	—
2 days notice	—	—	10½-10⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¾	—	—	—	—
7 days notice	—	10¼-10¾	10½-10¾	—	10-11	—	9¾-9⅞	—	—	—
One month	[illegible]	[illegible]	9¾-10	10-10½	10⅜-10⅝	10¾	9½-9⅝	[illegible]	10-10⅛	10¾
Two months	[illegible]	10⅛-10¼	—	10-10½	10⅛-10⅜	—	9⅝	[illegible]	[illegible]	10½
Three months	[illegible]	[illegible]	9¾-10	9½-10	10⅛-10½	10½	9¼	[illegible]	[illegible]	10¼
Six months	[illegible]	9⅞-10⅛	9⅞-10⅛	9½-10	10¼-10⅝	—	—	—	[illegible]	10
Nine months	[illegible]	9⅞-10⅛	—	9⅞-10	10⅝	—	—	—	—	—
One year	[illegible]	9⅞-10⅛	10-10⅜	10⅜-10⅝	10⅛-10½	—	—	—	—	—
Two years	—	—	10½-10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 9/16 per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9-9 1/16 per cent; two-month 9 1/16 per cent; and three-month 9 1/16 per cent. Approximate selling rate for one-month bank bills 9¾ per cent; and two-month 9 11/16-9 13/16 per cent; and three-month 9 7/16 per cent. One-month trade bills 10½ per cent; two-month 10½ per cent; and also three-month 10¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9½ per cent from June 1, 1978. **Clearing Bank Deposit Rates** for small sums at seven days' notice 6½-7 per cent. **Clearing Bank Base Rates** for lending 10 per cent. **Treasury Bills:** Average tender rates of discount 9.1336 per cent.

GOLD

Firmer tendency

Trading in the London bullion market remained fairly inactive with little in the way of fresh factors to influence the market. The metal opened at $184¾-185 and eased slightly to a morning fixing of $184.15. However, the afternoon fixing showed an improvement to $184.60 and the metal closed at $184¾-185¼, a rise of $¾ an ounce. During the afternoon there appeared to be a little buying interest which may have stemmed from the Middle East. In general sentiment remained good with a generally optimistic undertone.

	June 19	June 16
Gold Bullion (a fine ounce)		
Close	$184¾-185¼	[illegible]
Opening	$184¾-185	[illegible]
Morning fixing	$184.15 (£100.466)	$184.60 [illegible]
Afternoon fixing	$184.60 (£100.654)	[illegible]
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed. Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

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WORLD STOCK MARKETS

Bargain-hunting moderates Wall St. decline

INVESTMENT DOLLAR PREMIUM

$2.60 to £—114¾% to (113¼%)
Effective $1.8350 51¼% (50¼%)

CONCERN THAT tighter monetary policy and its effects on interest rates and the economy pushed stocks lower on Wall Street yesterday.

By the close, however, bargain-hunting had trimmed some of the loses and left other stocks with small gains.

The Dow Jones Industrial Average—down more than four points in the morning—finished with a gain of 1.65 at 828.62.

The NYSE All Common Stocks index ended 4 cents off at $54.76.

Volume, at 25.50m shares, was down 2.19m on Friday, while declining shares outnumbered advancing ones 1,016 to 504, with 306 issues unchanged.

Investors were expecting the Federal Reserve's Open Market Committee to decide at its regular monthly meeting today to check the recent rapid expansion of the money supply.

But with the economy already showing signs of slowing down after a rebound from the harsh winter, the Fed runs the risk of a recession if the measures adopted are too vigorous.

Among signs of economic slowing, investors last week learned that the rise in personal income slowed in May, from April, and that housing starts and building permits turned lower in May.

On the positive side, the Organisation of Petroleum Exporting Countries held the price of crude oil unchanged at least, until its December meeting.

IBM was strong, rising $3¼ to $269¾. **Burroughs** gained $1¾ to $74¾. **Teledyne** $2½ to $113½, and **Texas Instruments** $1¼ to $79¾.

Ford Motor, which has been weak recently, picked up $¾ to $47. It received a $125m contract to supply two satellites to India for that country's proposed satellite system.

Carter Hawley Hale was unchanged at $18¾. It agreed to acquire **Thalhimer Brothers**—up $1¼ to $16 bid, in over-the-counter *trading—for stock.*

General American Oil elected William P. Barnes chairman to fill the spot vacated on the death of Algur H. Meadows a week earlier. The stock picked up $1 to $41¾.

Honeywell gained $1¾ to $57. It plans to acquire Spectronics for stock. **Spectronics** jumped $5¼ to $21¼ bid, in over-the-counter trading.

American Broadcasting signed a final pact to sell its movie theatres for $50. It added $¼ to $49¾.

Ramada Inns headed the actives list again, rising $¾ to $7¾. Last week it denied it had plans for casinos. Gaming stocks generally moved up. **Caesars World** added $2¾ to $29, **Del E. Webb** $2¾ to $20¾ and **Playboy** $1¾ to $18.

Golden Nugget on the Pacific exchange climbed $3¼ to $18¾.

Tropicana eased $¼ to $47¾ and **Beatrice Foods** $¼ to $25¼. The Federal Trade Commission asked Beatrice to delay its planned purchase of Tropicana, but Beatrice refused.

On the **AMERICAN SE** prices declined in moderate trading. The index slipped 0.59 to 149.57, with the average price per share falling 6 cents.

Stock volume eased 640,000 shares to 3.47m, with losing issues outnumbering rising ones 440 to 229.

Resorts International led the actives, spurting $7¼ to $63¾. **Husky Oil**, in second place, dropped $1¼ to $44¼. Both Husky and **Occidental Petroleum** denied any collusion to bid up Husky's shares as was charged by a Canadian MP. Occidental, which eased $¼ to $23¼ in New York Stock Exchange trading, is bidding against Petro-Canada for Husky.

Jeannette added $2¼ to $19. **Coca-Cola Bottling of New York** offered to buy its shares at $20 each. Coke-New York eased $¼ to $8¼ in NYSE trading.

Canada

Share prices closed weaker in busy trading on Canadian stock markets yesterday. The Toronto Stock Exchange index ended 2.9 down at 1,143.5, while the Montreal composite index lost 0.29 to 192.93.

Oils led the broad decline, the sector index dropping 13.6 to 1,452.8.

Husky Oil, object of rival take-over bids by Occidental Petroleum and Petro-Canada, fell C$1¼ to C$49¾ on 68,535 shares. **Canadian Occidental** dropped 1¼ to 22¼.

Home Oil "A" lost C$1¼ to C$49¾ **Bow Valley** C$1 to $29¾ and **Hudson's Bay** C$¾ to $21¾.

Hong Kong

Shares moved sharply higher in hectic trading, the Hang Seng index putting on 18.05 points to close at 562.31, its highest level since November 23, 1973.

Prices opened well up and advanced further in the morning. The gains were maintained throughout the afternoon and most leading stocks closed at their best of the day.

Among the gainers, **Hong Kong Bank** rose 60 cents to HK$18.50, **Hong Kong Land** 35 to HK$9.65, **Wheelock "A"** 25 to HK$3.20, **Jardine Matheson** 80 to HK16.30, **Swire Pacific "A"** 10 to HK$8.35 and **Hong Kong Electric** 20 cents to HK$6.20.

Hutchison Whampoa moved ahead 15 cents to HK$6.30, **Hong Kong Hotels** 80 to HK$16.50, **Jardine Securities** 40 to HK$8.00, **Property Share New World** 31½ to HK$2.175 and **China Engineers** 10 to HK$3.20.

Turnover totalled HK$218.18m (HK$228.84m).

Germany

After an uncertain start, prices edged higher in lively trading on German stock markets, but there were no special factors in evidence.

Bankings were most in demand, led higher by **Deutsche**, up DM2 at DM304 xd.

Engineerings also improved by up to DM2, led by **Demag**, up DM2 at DM158.

Linde was down DM1.30 to DM248.5, however.

Autos were mixed with movements of DM1.30 both ways.

Public authority bonds were slightly weaker, where changed, with losses of up to 25 pfennigs. The Bundesbank bought paper worth DM7.2m, against DM15.5m on Friday.

Tokyo

Prices closed lower in limited trading on lack of fresh factors, after late liquidation had pared early gains.

The Nikkei-Dow Jones Average fell 14.19 to 5,477.32, while volume totalled 160m shares (300m).

Export-orientated Electricals and Vehicles fell on currency uncertainties. **TDK Electronics** lost Y20 to Y2,010, **Nippon Columbia** Y10 to Y668, **Matsushita Electric** Y6 to 734 and **Toyota Motor** Y1 to 991.

Sony was unchanged at Y1,710, but many "Blue Chips" and popular stocks eased on sporadic liquidations.

Nippon Oil lost Y14 to Y613, among sharply lower Oils. The sector was depressed by reports that there might be no big oil deposit on the continental shelf between Japan and Korea.

Hitachi rose Y2 to Y254 on buying by foreign investors and big investment trusts.

Breweries also rose on increased beer sales, with **Kirin** rising Y7 to Y488 and **Sapporo** Y4 to Y287.

Australia

Prices eased in fairly quiet trading.

BHP rose 2 cents to A$7.14 and the **Bank of NSW** 2 cents to A$6.06, while the **ANZ Bank** fell 10 to A$3.03 and the **National** 2 to A$2.48.

Renison rose 40 cents to A$10 and **Consolidated Goldfields** 5 cents to A$3.30, **BH South** *fell* 7 cents to A$1.16 and Uraniums closed steady or lower.

ICI put on 2 cents to A$2.28, **CSR** 1 cent to A$3.05, **Comalco** 3 cents to A$2.70 and **Newmex** 2 cents to 20 cents.

Southern Pacific lost 15 cents to A$2.05, **Central Pacific** 10 cents to A$6.00, and **Ansett** and **TNT** 1 cent each to A$1.59 and A$1.11 respectively.

Paris

PARIS—Easier in calm trading, with operators still unhappy with the forthcoming capital gains tax. This was shown by the fact that sentiment was little encouraged by the ¼ point cut in call money to 7¾ per cent. They hope that base rates at commercial banks will fall from the present 9.3 per cent before the end of the month.

Most sectors were generally easier while stores were irregular. **Carrefour** lost FFr 12 to FFr 1,548.

Brussels

Mostly lower in quiet trading, following Wall Street, with **Sidro**, **Electrafina**, **Cockerill**, **Clabecq** and **Solvay** advancing, but **Sofina**, **Cobepa**, **Vieille**, **Montagne**, **Hoboken**, **FN**, **Cometra** and **Tabacofina** declining.

Petrofina dropped BFrs 80 to BFrs 3,640 in lower Oils.

Amsterdam

Mostly weaker in continued quiet trading. **KLM** finished Fl 10 lower, following the sharp fall on Wall Street.

Azko rose 60 cents to Fl 30.10 and **Royal Dutch** 50 cents to Fl 129.10 in otherwise lower Dutch Internationals.

Van Ommeren, **Amro**, **Nationale Nederlanden** and **Ennia** were all weaker. Gaining issues were led by **Heineken**, up 40 cents, at Fl.103.9, **ABN** and **Pakhoed**.

State loans were steady.

Turnover on the European Options Exchange rose to 910 contracts from 601 on Friday.

Milan

Firmer in thin trading, with leading operators rather cautious.

Iri group companies were all firmer as were Banks, but **Snia Viscosa** lost L17 to L716 among firmer Industrials.

Johannesburg

Gold shares closed quietly firmer, after an initial marking up in line with weekend New York prices and higher afternoon European bullion indications.

Gold market sentiment was reflected in the firmer Mining Financials, where **De Beers** gained 10 cents to R6.40 following *local Press speculation on higher* interim profits and dividends.

Industrials were also quietly firm, extending last week's higher trend. **OK Bazaars** gained 30 cents to R7.60 following its chairman's statement.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ¶ New stock.

CANADA

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

PARIS

SPAIN ♥

STOCKHOLM

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ⊕

COPENHAGEN ♣

MILAN

VIENNA

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
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Co-operative Bank	*10 %
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■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

EEC lamb plan disastrous, says French official

BY MARGARET VAN HATTEM LUXEMBOURG, June 19.

FRANCE TODAY rejected as disastrous the EEC Commission's proposals for a sheepmeat marketing regime and said that if third-country obligations were to be honoured then the French and British markets could co-exist only by maintaining separate price levels.

M. Pierre Mehaignerie, the French Agriculture Minister, proposed that national marketing measures be co-ordinated but in such a way as to maintain the differential between the British and the higher-priced French markets.

But he received no support—Mr. Finn Gundelach, the EEC Agriculture Commissioner, opposed the plan and said there were doubts as to its legality.

Mr. John Silkin, the U.K. Agriculture Minister, questioned the need for a regime but said the Commission's proposals for a relatively "light" organisation provided a good starting point.

However Britain would insist on a long transition period—at least five years, he said.

The introduction of a free market in sheepmeat would probably boost British retail prices and this would have to be done gradually.

Britain would also insist on continued unrestricted access to the EEC market for New Zealand lamb despite opposition from other member states.

Mr. Gundelach said there could be no question of curbing New Zealand access. The Community was bound by treaty and this could be renegotiated only with the country's consent.

This might in any case prove pointless as the Community had little to offer by way of an alternative—it had already acted to curb imports of the only other products New Zealand wished to export, namely butter and cheese.

The other main topic of debate at today's meeting of the Council of Agriculture Ministers concerned the Commission's proposals for a potato regime.

Discussions had not yet resolved the question of Italian demands for special help for its producers of new potatoes who feel threatened by imports of earlies into the UK from Cyprus.

Britain is sympathetic to the Italian demand, but wants guarantees of cost-effectiveness on any aids that might be decided, and refuses to settle this point outside the context of an overall agreement on potatoes.

● Imports of new-potatoes from Belgium are to be allowed into Britain for the first time in 10 years, the Ministry of Agriculture announced yesterday.

Permission was granted—subject to strict controls over health—following a request from the Belgian Government.

UK SUGAR PRODUCTION

Beet prospects transformed

BY DAVID RICHARDSON

GOOD GROWING weather during the first half of June has transformed the UK sugar-beet crop. Prospects, as far as they can be judged at this stage, indicate at least an average yield.

Before the warm spell many growers had begun to resign themselves to the probability of yet another poor crop. The early spring was cold, and although most seeds were planted by mid-April, the critical time after which eventual yield suffers, growth was extremely slow.

Plant stands, however, have been good from the start because of adequate rain at the end of planting, and most farmers were pleased with germination. Some herbicide damage has been reported but little that is serious or lasting and certainly less in total than in some past years.

In short, the national crop has now caught up with the stage of growth it is expected to reach by late June and is now in good condition to produce about five tonnes of sugar per acre over the 208,440 hectares that have been planted.

The two most critical factors which could affect that potential are lack of rain through the summer and aphids. Crops over most of the beet-growing areas had a much needed soak late last week following a long period without significant rainfall. But few were in any case showing visible signs of drought and the dry spell is unlikely to have caused any reduction in ultimate yield.

Aphids, which are vectors of virus yellows and are thereby capable of causing severe reduction in root and suger yield, have been little trouble this year so far. It may well be that lower-than-average temperatures last winter allowed fewer of them to survive until spring and that this has slowed their build-up to normal numbers.

In any event reports from Brooms Barn, the sugar-beet experimental farm in Suffolk where these are monitored, suggest that there are so far insufficient around to warrant spraying. That is not to say that insecticides will not be needed later in the season, but the longer beet plants are free of the insects the better they are able to withstand attack and the smaller the risk of significant reduction of yields.

Generally speaking therefore growers are moderately happy with their sugar beet and reasonably hopeful for a profitable crop. The British Sugar Corporation, on the other hand, must be disappointed that once again it has failed to persuade farmers to grow the target of 220,000 hectares. Neither does it seem likely that the 1979 target of 240,000 hectares will be achieved.

Having committed well over £100m to factory expansion and modernisation over a four-year period, British Sugar clearly needs more raw materials to process through their plants to justify the outlay. In addition it is particularly vital that this year's crop is a good one as it is the last before European sugar quotas are re-negotiated in 1979 to take effect from 1980.

The negotiations will take place against the background of a growing European sugar surplus on the one hand and continuing pressure to accept imports from African, Carribean and Pacific (ACP) countries on the other. Meanwhile demands have already been made by the French that ACP sugar should be banned when the Lomé agreement comes up for review in 1982.

It is also well known that Holland, Belgium and France will do all they can to increase their tonnage entitlement to grow high priced "A" quota sugar. Lower priced "B" quota sugar has already been reduced from 35 per cent to 27½ per cent of the basic area as a result of an earlier EEC decision.

Competition for quota acreage will therefore be intense and continued failure to prove that the UK is capable of producing our present 1.04m tonne "A" quota let alone any "B" would leave our negotiators in a very weak position. Last year British Sugar produced 950,000 tonnes of sugar, the highest for four years following disastrously low yields in the previous three seasons because of drought.

Assuming that the weather continues to favour the sugar beet crop through the summer it is reasonable to expect that the UKs A quota of 1.04m tonnes will be achieved.

Given exceptional growing conditions which, in the past have occurred about every five years, it is conceivable that total sugar yield could reach 1.14m tonnes. But the eventual aim of British Sugar to produce 1.25m tonnes seems likely to elude them this year at least.

Squeeze fear lifts cocoa

BY RICHARD MOONEY

AFTER BEING depressed for most of the day because of an increased Ivory Coast crop estimate, London cocoa futures prices moved up strongly near the close yesterday.

News that Ivory Coast Ministry of Agriculture officials had forecast that this year's crop could reach 300,000 tonnes, compared with initial estimates of between 230,000 and 260,000 and a recent London trade estimate of 290,000, pushed the September futures quotation down to £1,650 a tonne at one stage.

But fears of a shortage of supplies to be delivered against the New York July contract brought a strong upsurge in the last hour of trading and September cocoa ended the day £68.75 above Friday's close at £1,730.5 a tonne.

The Ivory Coast estimate appeared to take London traders by surprise as the authorities there have been consistently underestimating production throughout this season.

This latest projection, however, exceeds the London market's own assessment of the crop.

The Ivory Coast sources said there was no indication that recent rainfall would affect the crop adversely. On the contrary, good levels of rainfall throughout the country are likely to benefit the 12,500 hectares of new plantings, they added.

The Ministry of Agriculture is understood, meanwhile, to be considering a new pricing structure aimed at improving the quality of its cocoa.

Up to now only one price has applied to all purchases, irrespective of quality. But this system is thought to have been partly responsible for the lack of care in harvesting and handling cocoa which has led to many complaints from buyers in recent years.

To combat this the Ministry may introduce a two-tier pricing system giving a premium for high quality beans.

Planters are to be instructed in more efficient ways of drying and fermenting the beans.

Other measures being studied include the possibility of buying fresh beans to be dried and fermented in state-owned factories, which would be built throughout the producing areas. This system is already applied to Ivory Coast coffee purchasing.

Castro predicts big sugar crop

HAVANA, June 19.

CUBA WILL produce more than 7.3m tonnes of sugar this year, the second highest production in its history and 800,000 tonnes more than last year, President Fidel Castro said at the weekend, reports Reuter.

The country is already close to its planned target, and should pass is in the next few days, he said in a broadcast interview.

The harvest, which began in November, has been extended beyond the normal finishing date of early June because of heavy rains earlier in the year.

An official report just published says 35 grinding mills are still functioning, out of a total of 148 which operated in the harvest.

From December to April rainfall appears to have been two or three times greater than average. However, the prolonging of the season and some favourable warm and dry weather in May were major factors in the success of the harvest.

No announcement has been made about Cuba's arrangements for selling its sugar this year, but in February the official newspaper, Granma said planned production was already fully committed.

Cuba's quota for sales to non-Communist countries under the terms of the International Sugar Agreement is 2.04m tonnes.

For many years, Cuba has given very little information about its sugar harvest. However, Castro said in the interview: "We have taken the decision to abandon the policy of discretion over sugar and from now on we will announce our production each year."

Efforts are now under way to prepare for the next harvest, with thousands of volunteers moving to the fields to help with fertilising, weeding and cultivation.

Cuba achieved its highest-ever sugar production in 1970 when it turned out 8.5m tonnes against a target of 10m. Production in the following two years was only 5.9m and 4.2m tonnes.

A production goal of 8m tonnes a year has been set for the end of the present five-year plan in 1980.

Forecast hits prices

BY OUR COMMODITIES STAFF

PRESIDENT CASTRO'S forecast was enough to cut up to £1.70 a tonne off sugar futures prices on the London market yesterday morning. Since there were no other factors to be taken into account prices stayed down around the day's lows through the afternoon.

Earlier, the London daily price for raws had been fixed £1 a tonne higher at £98. The whites price was unchanged at £110.

In Washington, Mr. Bob Bergland, U.S. Agriculture Secretary, announced that he would recommend to President Carter that the import fee system should be continued and existing import charges should be increased, reports Reuter.

He also favours a formal procedure for adjusting the fees on every three months to begin on October 1 this year.

Mr. Bergland has asked for public comment on raising sugar import fees and how adjustments on the fees should be made.

Coffee down £134 in sales rush

By Our Commodities Staff

LONDON COFFEE futures prices fell by more than £100 a tonne yesterday, as speculators scrambled to sell contracts purchased after the recent Brazilian frost scare.

The September position, which climbed to £2,000 a tonne earlier this month, fell to £1,526 a tonne at one stage, before closing £134 down on the day at £1,533.5 a tonne.

London prices had been expected to open substantially lower, in line with the weakness of the New York market on Friday night.

In the event, futures values began trading £50 to £70 below Friday's close and a "snowball" effect pushed prices lower.

Warmer weather in Brazil's coffee growing areas has encouraged prices to slip over the past week, but some London traders questioned the justification for yesterday's sharp falls as the Brazilian frost season will not be over for another six weeks at least.

British tin smelter stops buying ore

BY OUR COMMODITIES STAFF

CAPPER PASS, Britain's only tin smelter, has stopped buying tin concentrates for its Yorkshire plant.

The company, which last week said it would not be able to meet supply contracts for refined tin because of industrial troubles, used the same force majeure plea yesterday when announcing the immediate stoppage of concentrate purchases.

When deliveries were stopped on June 12, the company, which produces around 1,000 tonnes of primary and secondary tin a month, said that because of the nature of its processes it would be unable to start regular deliveries again for at least four weeks.

Dealers on the London Metal Exchange said the market appeared slow to absorb the significance of the move, announced by the Rio Tinto Zinc subsidiary fairly late in the afternoon.

Stocks in London Metal Exchange warehouses were 115 tonnes down on the week—more than expected—at 2,105 tonnes.

Three months standard tin closed £45 a tonne up at £6,717.50. Spot metal gained £74.50 on the day, closing at £6,837.50 a tonne.

Copper stocks, too, had fallen more than expected, by 4,725 tonnes to 519,875. But traders commented that stock levels have had little impact on the market for several weeks.

Any activity in the market was prompted mainly by fresh nervousness over renewed problems on the Zaire border. A steady opening in the New York market also helped steady prices.

Cash wirebars gained £6.50 to £718.75 a tonne. Three months metal closed at £739.75—up £6.50. Cash and three months cathodes were both up £6.75 a tonne at £714.25 and £735.

● Chief Consolidated Mining Company said the Burgin Mine on land under lease to Kennecott Copper will be returned to Chief on July 15 because Kennecott will no longer mine there.

Kennecott has been operating two mines on the land in the Tintic mining district of Utah.

NZ to open butter packing factory

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE NEW ZEALAND Dairy Board yesterday announced the construction of an £8½m butter and cheese packing plant at Swindon, Wilts.

Mr. A. L. Friis, chairman, said that although New Zealand butter sales to Britain had been cut from 180,000 tonnes to 115,000 tonnes this year, New Zealand butter was still the most popular on the market. The New Zealand dairy industry could not survive without this sale.

He was particularly concerned about the exclusion of New Zealand cheese from the British market, and claimed that when EEC governments' heads met in Dublin in 1975, they promised a review of New Zealand's case for continuing to export cheese to the U.K. This had still not been concluded.

Making a plea for the present New Zealand annual quota of 115,000 tonnes of butter to be extended beyond 1980, Mr. Friis said that the New Zealand dairy industry felt it had made a major contribution already towards meeting EEC requirements by the reductions already imposed.

Board officials were anxious about the present situation. There were now 180,000 tonnes of butter in store in Britain, just under half a year's consumption. Home production was already up on average and still rising.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange, helped by reports of forces gathering on the Zairean border, and in a technical reaction to recent falls. Forward metal moved up to £740 and then slipped to £736 before rallying. There was some influential buying and Comex was steady in the afternoon. The price touched £740 and closed on the Kerb at £739.75. Turnover 32,300 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	716.5-7	+5.25	718.5-9	+6.5
3 months	737.5-8	+5	739.5-40	+6.5
Settl'm'nt	717	+5	—	......
Cathodes				
Cash	711.5-2.5	+4.25	713.5-15	+6.75
3 months	733-.5	+5	734.5-5.5	+6.75
Settl'm'nt	712.5	+4.5	—	......
U.S. Smt.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £717, 16.5, three months £736, 7, 8, 7.5, 7, 7.5, 8. Cathodes, cash £712, three months £732.5, 3. Kerb: Wirebars, three months £734.5, 6, 7.5, 8, 7.5, 7. Afternoon: Wirebars, cash £719, three months £740, 40.5, 41, 39, 39.5, 40, 39.5. Kerb: Wirebars, three months £739.5, 40, 39.5.

TIN—Steady at first as forward metal moved up from £6,700 to £6,745 on fresh buying, despite the unchanged price in the East over the weekend. The backwardation widened and stocks were down more than expected. The Capper Pass force majeure on purchases was initially interpreted bearishly, and that factor, coupled with slight US selling, pushed the price down through a stop at £6,710 to £6,690. The close on the Kerb was £6,690. Turnover 1,640 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6880.90	+115	6855.60	+87.5
3 months	6760-70	+85	6730-40	+45

COFFEE

RUBBER

UNCHANGED opening on the London physical market. Quiet throughout the day, closing on a slightly easier note. Lewis and Peat reported a Malaysian godown price of 236 (234) cents a kilo (buyer, June).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on week ending June 17: GB cattle 72.34p per kg.l.w. (+2.70); UK sheep 157.7p per kg.est.d.c.w. (+9.9); GB pigs 60.0p per kg.l.w. (+3.7).

PRICE CHANGES

Prices per tonne unless otherwise stated.

U.S. Markets

Metals rally on buying, sugar down

NEW YORK, June 19.

COPPER RALLIED on light Commission House buying and trade arbitrage buying. Precious metals rallied once again on aggressive speculative buying following renewed weakness in the dollar. Sugar established new life on contract lows on fresh Commission House selling following reports of another large Cuban crop, Bache reports.

Cocoa—July 141.00 (135.60), Sept. 135.55 (130.90), Dec. 131.75, March 129.00, May 126.90, July 125.00, Sept. 125.25. Sales: 2,056.

Coffee—"C" Contract—July 138.20 (163.15), Sept. 132.94 asked (156.94), Dec. 144.00 asked, March 133.75 asked, May 130.50 asked, July 123.43 asked, Sept. 122.53 asked. Sales: 140.

Copper—June 60.50 (60.00), July 60.70 (60.20), August 61.30, Sept. 61.90, Dec. 63.60, Jan. 64.20, March 65.20, May 66.20, July 67.20, Sept. 68.20, Dec. 69.70, Jan. 70.20, March 71.20. Sales: 2,100.

Cotton—No. 2: July 60.70-60.72 (61.13), Oct. 63.00-63.05 (63.47), Dec. 64.20-64.31, March 65.39-65.45, May 66.25, July 66.75-67.00, Oct. 66.25 bid, Dec. 65.25 bid. Sales: 4,350 bales.

*Gold—June 186.80 (185.70), July 187.00 (186.50), August 188.30, Oct. 191.30, Dec. 194.30, Feb. 197.30, April 200.30, June 203.30, August 206.40, Oct. 209.50, Dec. 212.60, Feb. 215.70, April 218.90. Sales: 7,200.

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STOCK EXCHANGE REPORT

Political uncertainties overshadow stock market

Industrial leaders drift lower—Falls to ⅝ in Gilts

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18

* "New time" dealings may take place from 9.30 am two business days earlier.

Dull and lethargic conditions prevailed in stock markets as the second and last leg of the Account got underway yesterday. Weekend Press speculation about the timing of the next General Election brought about a revival of political uncertainty, while the obscure economic outlook tended to drag on market sentiment.

British Funds remained in the throes of digesting the two large tap issues and, with a fair amount of stock on offer at the longer end of the market where liquidation of recent speculative positions was evident, prices recorded losses extending to ⅝ and were still tending easier in the late dealings. Falls in the early maturities ranged to half-a-point, but selling here was only light, the reaction mainly reflecting the virtual absence of support. Dealings started in the new short tap, Exchequer, 10 per cent, 1983 (£15 paid), which opened at par and closed at 14⅞. The latest rise in average earnings also had a minor effect on sentiment.

The Industrial leaders drifted lower on scattered public selling and the FT 30-share index eased 3.6 to 467.0. Recent occasional institutional demand, which has tended to underpin the market, was not forthcoming yesterday.

Secondary issues followed in the wake of the leaders and there was little in the way of features to enliven the day's proceedings. Falls led rises by three-to-two in FT-quoted Industrials and the FT-Actuaries All-Share index gave up 0.5 per cent to 214.76. Official markings of 4,480 compared with 4,241 last Friday and 4,967 a week ago.

Following the main funds lower, Corporations closed with losses extending to ½. Falls of a similar size also occurred in recently-issued scrips where Barnet 12½ per cent 1987, at 11½, and South Tyneside 12½ per cent 1986, at 10½, both lost that amount in £10-paid form. West Kent Water 12 per cent 1986 ended first-time dealings at £25½, in £25-paid form, while Robinson Bros. 11 per cent preference made its debut at the placing price of 100p.

In a small volume of business, the investment currency premium made upward progress to close at the day's highest at 114¾ per cent for a net rise of 1¼ points. Part of the demand represented late covering but there also trade connected with arbitrage operations relating to Hong Kong securities. Yesterday's SE conversion factor was 0.6628 (0.6685).

Nearly 600 contracts were effected in Traded Options yesterday, the highest total since the beginning of June. Some 35 per cent of the business was transacted in Shell with 113 contracts done in the July 600 series. Grand Met. followed with a total of 75 followed by ICI with 65.

Barclays dull

Criticism of the proposed share purchase of the Investment Trust Corporation cum cash resale to the Post Office pension Fund unsettled Barclays Bank which came back to close 7 lower at 318p. Elsewhere, ANZ declined 10 to 285p following details of the proposed A$31m rights-issue. Guinness Peat, a friendless market since the chairman's recent bid denial, slipped 3 more to 240p. Hill Samuel, on the other hand, hardened 2 to 88p among other Merchant Banks. Provident Financial moved up 4 to 100p in Hire Purchases but UDT softened a penny to 38p.

Favourable weekend Press comment drew buyers' attention to Leslie and Godwin, which rose 3 to 104p among irregular Insurance Brokers. Alexander Howden gained 5 to 168p but Willis Faber lost that much to 260p. Composites lacked support and drifted lower. Guardian Royal Exchange dipped 4 to 220p and Royals cheapened 3 to 367p.

Breweries drifted easier in light trading. A. Guinness lost 2 more to 168p for a two-day fall of 12 on the disappointing interim figures, while small selling in front of today's half-yearly report clipped a penny from Allied, at 85p. Elsewhere, Irish Distillers held at 152p awaiting today's interim statement.

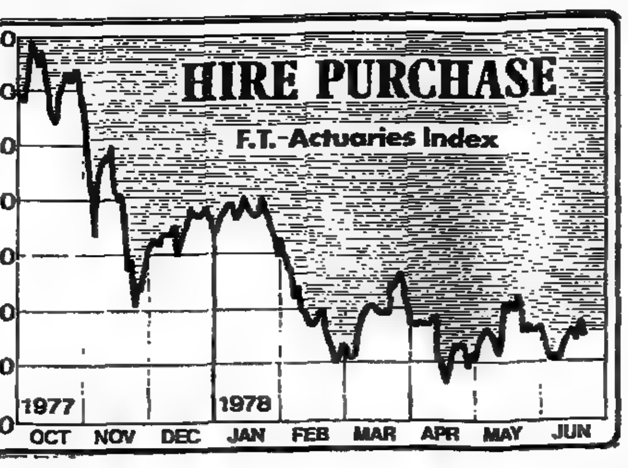
Buildings passed a lack-lustre session. Blue Circle eased a couple of pence to 240p, while BPB shed 4 to 218p. News items prompted the occasional movement in secondary issues, notably Milbury, which added 5 at 110p in continued response to the results. Allied Plant, ½ higher at 15½p, were helped by the improved profits and chairman's confident remarks. Still reflecting recent trading announcements, International Timber firmed 2 to 126p and William Leech a penny to 84p. Occasional speculative interest lifted Norwest Holst 5 to 95p, while a Press mention prompted a gain of 2 to 97p in Wettern Brothers. Notably lower were Orme Developments, which shed 2½ to 42p on small selling.

ICI drifted 4 lower to 384p, but Fisons held steady at 360p aided by newspaper mention. British Tar Products were quoted ex rights at 58p with the new nil-paid shares at 13p premium. Small selling left Anchor 4 down at 68p and Stewart Plastics 2 lower at 146p, but James Halstead firmed a penny more to 24½p after renewed country demand.

In Televisions, Associated put on 4 to 114p in anticipation of Thursday's preliminary results.

Narrowly mixed movements were the order of the day in Stores. Allied Retailers firmed 3 to 272p, while improvements of 2 were seen in A. Goldberg, 70p, Owen Owen, 80p, and J. Hepworth 63p. On the other hand, Home Charm lost 3 to 174p and John Menzies declined a like amount to 160p. Of the leaders, Burton A softened 2 to 114p but UDS edged forward a penny to 87p.

Petbow moved into the limelight in Electricals and rose 9 to 220p following the preliminary figures and capital proposal. Ever Ready hardened 3 to 159p as did Farnell Electronic to 296p. EMI, however, closed that amount off at 1978 low of 135p, while Plessey remained at 98p awaiting today's preliminary figures.



Engineering leaders plotted an irregular course in thin trading. Comment ahead of Friday's preliminary figures helped John Brown improve 3 to 356p, after 358p. Hawker, however, fell 6 to 218p and Tubes receded 4 to 368p. Elsewhere, Staveley Industries which reported excellent results last week, moved up 3 afresh to 285p, while Christy Bros. hardened 2 to 48p with the help of investment comment. Mining Supplies added 4 at 78p. C. and W. Walker and Baker Perkins both gained 3 to 121p and 105p respectively, while Drake and Scull met with buying interest at 23½p, up 2. IMI, however, reacted 3½ to 82p and Porter Chadburn lost a similar amount to 110p.

Bernard Matthews stood out in Foods, rising 10 to 140p on small buying in a restricted market. Of other firm spots, renewed speculative interest lifted Avana 1½ to 37p and G. F. Lovell 3 to 37p. J. Lyons eased a penny to 106p in front of Thursday's preliminary figures, while further consideration of recent acquisitions clipped 2 from Associated Biscuit, at 80p. In Supermarkets, Tesco closed a shade better at 45p following Press comment ahead of tomorrow's preliminary results. City Hotels, 3 better at 141p, provided the only noteworthy movement in Hotels after weekend Press mention.

Still drawing strength from last Friday's excellent results and proposed 100 per cent scrip-issue, Pilkington touched a 1978 peak of 545p before closing 15 higher on the day at 535p, for a two-day rise of 52. Apart from a penny improvement to 192p in Boots, other miscellaneous Industrial leaders drifted slightly lower in thin trading. Glaxo declined 5 to 570p, after 568p. Bowater shed 4 to 198p and Turner and Newall gave up 3 at 178p. Elsewhere, Pauls and Whites slipped 4 to 116p as bid hopes faded. Randalls shed a similar amount to 65p, still being affected by last week's news that the results have been delayed. J. W. Spear cheapened 2 to 226p in reaction to the disappointing results, while Chamberlain Phipps closed a penny off at 48p, after 49p, despite the higher annual earnings. Syltone, however, found support in a restricted market at 135p, up 12, and Halma Investments hardened 2 to 65p on Press comment. Far-Eastern advices prompted gains of between 5 and 10 in Stelux, 47p, Swire Pacific, 148p, Wheelock Marden, 58p and Jardine Matheson, 288p. Elsewhere, small buying on recovery hopes helped Hawtin harden 1½ to 11½p.

Motors and Distributors had an easier bias. Dowty fell 4 to 207p, while more modest losses occurred in Lucas Industries, 308p, and Dunlop, 73p. Still reflecting disappointment with last Friday's announcement of reduced earnings, Jonas Woodhead eased a penny to 91p for a two-day loss of 6. Caffyns, however, closed a shade better at 129p in belated response to the results and scrip issue proposal. Appleyard were slightly erratic, easing to 96p before closing a penny better on the day at a 1978 peak of 98p. Hartwells went ex rights at 100p, while the new nil-paid shares opened at 19p premium and closed at 22p premium after a fair trade.

Leading Newspapers encountered small selling which was sufficient to lower Thomson 5 to 245p and Daily Mail "A" 3 to 300p. United shed 2 to 356p and Associated 3 to 162p, while News International, awaiting Friday's interim statement, finished a couple of pence easier at 253p. Elsewhere, speculative-favourite Mills and Allen eased 5 to 175p.

Properties retained a firm undertone and staged the occasional small improvement. English Property lost a penny initially before reverting to the overnight level of 42p; discussions concerning a possible offer are continuing, but an announcement cannot now be expected until the first week in July. Property Partnerships gained 3 to 128p, after 130p, following the results and property revaluation, while McInerney improved 2 to 44p, also in response to annual figures. In contrast, Control Securities, preliminary statement due tomorrow, eased a penny to 37p and, on the lack of support, Intereuropean, drifted back 2 to 32p. Elsewhere, domestic market influences lifted Hongkong Land 8 to 173p and Swire Properties 5 to 71p.

Oils drift

Weekend Press comment on British Petroleum's proposed overseas acquisitions failed to influence buyers and the close was 6 lower at 856p, after 852p. In sympathy, Shell eased 6 to 534p and Ultramar shed 4 to 258p. Burmah drifted 2 lower at 65p, while profit-taking clipped 14 more from Siebens (UK), at 338p, and 6 from Attock, at 90p. Recently firm on the chairman's statement, British Borneo cheapened 4 to 158p.

Overseas Traders were notable for fresh interest in Sime Darby, which hardened 3 further to a 1978 peak of 87p.

Mounting controversy over the deal whereby Barclays Bank plans to buy Investment Trust Corporation on behalf of the Post Office Superannuation Fund unsettled ITC which declined 8 to 265p.

Reflecting firmer South African advices, OK Bazaars put on 30 to 430p, Greatermans A 3 to 135p and Abercom a couple of pence to 107p.

Rubbers contributed their share of firm spots.

Anglo Utd. fall

The recent hectic activity in Irish/Canadians and Australians faded as profit-taking and a general lack of buying interest saw both sections lose ground across a broad front.

Among Irish/Canadians Anglo United Development dropped 28 to 197p, Northgate Exploration 15 to 440p and Sabina 7 to 77p.

A lower trend in overnight Sydney and Melbourne markets prompted an initial downturn in Australians and prices lost further ground throughout the day owing to modest profit-taking despite an improvement in the investment dollar premium.

The Rundle oil shale partners encountered persistent selling. Central Pacific fell 25 to 570p while Southern Pacific gave up 23 to 195p.

Uraniums were particularly weak in overnight domestic markets. In subdued trading here Pancontinental were 1 lower at £14¼ while Peko-Wallsend fell 10 to 510p and EZ Industries 5 to 225p.

Base-metal producers to lose ground included Western Mining, 3 off at 144p and BH South a similar amount cheaper at 110p. On the other hand, MIM Holdings, which fell heavily last week, recouped 2 to 208p.

A combination of a firmer investment premium and a higher bullion price—the latter closed 25 cents better at $185.125 per ounce—enabled South African Golds to make modest headway.

Business, however, remained at a low level. The Gold Mines index added 2.2 more at 160.1.

The rise in the premium was the main influence in the firmness of South African Financials. De Beers were the subject of widespread buying and rose 4 to a new high of 375p. Others to attain new highs were Anglo American, finally 8 better at 336p, and General Mining, ½ to the good at £17½.

FINANCIAL TIMES STOCK INDICES

—	June 19	June 16	June 15	June 14	June 13	June 12	A year ago
Government Secs	69.94	70.44	70.57	70.63	70.76	70.79	67.70
Fixed Interest	72.29	72.52	72.55	72.49	72.36	72.26	67.76
Industrial Ordinary	467.0	470.6	469.2	471.9	474.6	472.2	445.2
Gold Mines	160.1	157.9	157.0	158.3	160.9	158.2	109.7
Ord. Div. Yield	5.66	5.62	5.65	5.60	5.58	5.61	5.24
Earnings Y'ld% (full)(*)	16.31	16.39	16.43	16.32	16.26	16.35	15.92
P/E Ratio (net)(*†)	8.23	8.16	8.14	8.20	8.23	8.18	9.17
Dealings marked	4,480	4,241	4,862	4,845	5,163	4,967	4,020
Equity turnover £m	—	64.88	64.71	73.92	78.06	68.70	44.71
Equity bargains total	—	13,906	16,122	15,239	15,745	14,466	11,503

10 am 469.3. 11 am 467.6. Noon 466.8. 1 pm 465.9.
2 pm 466.9. 3 pm 467.1.
Latest Index 01-246 8026.

*Based on 52 per cent corporation tax. †Nil=6.04.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (6/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 19	June 16
—Daily		
Gilt-Edged	152.2	182.5
Industries	157.3	141.8
Speculative	40.9	37.2
Totals	102.0	96.5
5-day Average		
Gilt-Edged	164.0	177.9
Industrials	158.8	157.8
Speculative	49.0	50.9
Totals	107.4	109.6

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (86)

AMERICANS (1)
Gillette

CANADIANS (1)
Hudson's Bay

CHEMICALS (1)
Halstead (J.)

DRAPERY & STORES (1)
Wades "A"

ELECTRICALS (4)
Electrocomponents, Farrell Elect., Energy Services, Petbow

ENGINEERING (4)
ACE Machinery, Capper-Neill, Baker Perkins, Folkes (J.) Hefo NV

FOODS (2)
Clifford's Dairies, Lovell (G. F.)

HOTELS (1)
City Hotels

INDUSTRIALS (20)
BTR, Lonsdale Universal, Barlow Rand, Metal Closures, Riddle Hldgs., Pilkington, Black (P.), Stelux Manf., Brammer (H.), Swire Pacific, Chamberlain Phipps, Syltone, Chubb, Wheelock Marden, Halma, Wilkins & Mitchell, Hutch Whampo, Wilter (T.), Hyman (I. & J.), Ward (A.)

INSURANCE (1)
Leslie & Godwin

MOTORS (1)
Flight Refuelling

NEWSPAPERS (2)
Independent News, Liverpool Daily Post

PAPER (2)
Usher Walker, Wace Group

PROPERTY (5)
Berkeley Hambro, Swire Props., HK Land, Trafford Park, Property Partnerships

SHIPPING (1)
Mersey Docks

SOUTH AFRICANS (2)
OK Bazaars, Unisec

TRUSTS (20)
Atlas Inv., Investing In Success, Altifund Cap., Jardine Japan, Caledonian Tst. "B", Jardine Secs., Camellia Invs., Northern American, Charter Trust, River & Mercantile, Clydesdale Inv. "B", Scot. & Cont. Inv., Crescent Japan, Scot. European, Dundee & London, Tribune Invest., First Scottish Amer., Tyneside Inv., G.T. Japan, Witan Inv. "B"

OVERSEAS TRADERS (2)
Boustead, Sime Darby

RUBBERS (5)
Highlands, Malakoff, Kuala Kepong, London Sumatra, Kulim

TEAS (3)
Assam Dooars, Singlo, Jokai

MINES (7)
Buffels, Anglo Am. Coal, Vaal Reef, General Mining, Western Deep, De Beers Defd., Anglo-American

NEW LOWS (17)

BRITISH FUNDS (8)
Treasy. Variable '81, Treasury 12pc '95, Treasury 9¼pc '83, Exch. 10¼pc '95, Treasy. 7¼pc '85-88, Treasy. 7¾pc '12-15, Treasury 12¼pc '92, Exch. 12pc '13-17

CORPORATION LOANS (1)
LCC 6¾pc 88-90

BUILDINGS (1)
Orme Devs.

DRAPERY & STORES (1)
House of Lerose

ELECTRICALS (1)
EMI

ENGINEERING (2)
Howden Group, Renold

FOODS (1)
Lockwoods

INDUSTRIALS (1)
Randalls

NEWSPAPERS (1)
Gordon & Gotch

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	384	−4	395	333
Shell Transport	25p	9	534	−6	586	484
Barclays Bank	£1	8	318	−7	358	298
Pilkington	£1	8	535	+15	545	422
BAT Inds.	25p	7	330	−5	346	267
BP	£1	7	856	−6	892	720
Distillers	50p	7	178	−3	187	163
Grand Met.	50p	7	107	−2	117½	87
Reed Intl.	£1	6	134	−2	143	102
Tst. Houses Forte	25p	6	215	—	220	166
Bowater	£1	5	198	−4	205	183
De Beers Dfd.	R0.05	5	373	+4	375	233
Lucas Inds.	£1	5	308	−2	318	240
RTZ	25p	3	223	−1	234	164
Westland Aircraft	25p	3	35	—	52	30

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Stocks favoured for the call included London and Northern, Premier Consolidated Oil, Hongkong and Shanghai Bank, J. Brown, New Throgmorton Capital, EMI, Tebbitt Bros., Norwest Holst, Audiotronic, Western Mining and UDT, while doubles were arranged in Premier Consolidated Oil and Mount Charlotte Investments.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	76	1
Corpns., Dom. and Foreign Bonds	6	15	46
Industrials	221	394	983
Financial and Prop.	80	88	302
Oils	2	19	13
Plantation	15	5	14
Mines	50	27	46
Recent Issues	2	18	[illegible]
Totals	376	572	1,4[illegible]

LONDON TRADED OPTIONS

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

APPOINTMENTS

Senior Ruberoid executive

Mr. K. V. A. Holmes has been appointed managing director of RUBEROID PAPER, a subsidiary of Ruberoid.

★

Mr. John Dodds, an assistant manager, London chief office of BANK OF SCOTLAND, has been appointed resources manager (London).

★

Mr. H. J. M. Luchford and Mr. K. M. MacDonald have joined the Board of C. BRYANT CIVIL ENGINEERING, a subsidiary of Bryant Holdings.

★

Mr. C. M. Leveson-Gower and Mr. M. Samuelson have been appointed to the Board of SPOONER INDUSTRIES.

★

Mr. S. E. Blackstone and Mr. E. J. P. C. Lombard Knight have resigned from the Board of DUTTON-FORSHAW GROUP.

★

The chairman of the INTERNATIONAL PAINT COMPANY, Mr. C. A. Hogg, will retire at the annual meeting on July 17 to devote more time to other commitments. He was recently appointed a deputy chairman of Courtaulds, the parent company of International Paint. Mr. R. M. Woodhouse, currently group managing director of International Paint, will succeed Mr. Hogg as chairman. Mr. G. E. Morris will succeed Mr. Woodhouse as group managing director. Mr. E. D. Marquand is to retire in August. Mr. D. N. Fagg will be leaving the board at the conclusion of the annual meeting at his own request for personal reasons. He will continue as chairman and managing director of the drum-making operations of the International Paint Group. Mr. R. A. Fidler, Mr. R. D. Hedley, Mr. T. B. Lemmon, Mr. A. M. O'Malley and Mr. G. A. Upfill-Brown have been appointed directors of the company.

★

Four additional directors have been appointed to the Board of MODERN ALUMINIUM. They are Mr. Tony Tidy, deputy managing director; Mr. John Hale, contracts director; Mr. Martin Horwood, financial director; and Mr. Jim Naftali.

★

The Boards of COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS and BANQUE DE PARIS ET DES PAYS-BAS have appointed M. Pierre Moussa as chairman and chief executive and M. Gustave Rambaud as vice chairman. M. Jacques de Fouchier, having reached retirement age, has resigned as chairman and has been appointed honorary chairman of both companies. M. Gérard Eskenazy and M. François Morin have become managing directors of Compagnie Financière de Paris et des Pays-Bas while M. Pierre Decker and M. Jean-Pierre Fontaine have been named as managing director, and deputy managing director, respectively, of Banque de Paris et des Pays-Bas. Paribas International has elected M. Pierre Haas and M. Hervé Pinet as managing directors.

★

Dr. Wim F. Duisenberg, the former Dutch Minister of Finance, is to join the executive Board of CENTRALE RABOBANK on January 1, 1979. He will also become a member of the Presidium of the executive Board. Prior to these appointments, from August of this year, Dr. Duisenberg will be an adviser to the executive Board of the bank.

★

Mr. Philip R. Jones, managing director of the East Lancashire Paper Merchants, joins the Board of the EAST LANCASHIRE PAPER GROUP from July 1. Mr. Edwin Brewer, a director of the East Lancashire Paper Mill Company, has also been appointed to the main Group Board from that date.

★

Mr. M. G. Johnson, until recently managing director of an overseas subsidiary of the MSL Group, has joined the Board of BULL HOLMES (MANAGEMENT).

★

Mr. A. Maycock, former executive administration director has become chairman of KIVETON PARK STEEL AND WIRE WORKS. Mr. G. Blatherwick, previously executive works director, is now deputy chairman. Both are also joint managing directors. Mr. A. T. Wood, who was deputy chairman and managing director, has been made first president and will act as consultant.

★

Mr. David Sekers, at present director of the Gladstone Pottery Museum, Stoke, takes up the appointment of project director for QUARRY BANK MILL, Styal, on October 1.

★

Mr. Colin Ash has been appointed managing director of POWER DISPLAY EQUIPMENT. He was formerly sales director.

★

Mr. E. Barry has been appointed director of sales for the CAM GEARS GROUP and Mr. Bernard Gray has become director of product development and marketing.

★

Mr. B. J. Ingram has been appointed director and Mr. G. R. Snaith, an export manager, of AGPRO (Agricultural Projects Overseas).

★

Mr. N. M. Hudson, group adjuster of marine claims, Commercial Union Assurance Group, has been elected chairman of the SALVAGE ASSOCIATION and Mr. J. A. R. Moller, Lloyd's underwriter, has been elected deputy chairman.

★

Mr. Jack Reynolds has been appointed manager of COUTTS AND CO'S new representative office in Norwich. Mr. John Masters becomes his deputy.

★

Mr. J. Parry Williams and Mr. Peter Thomas have been appointed directors of BLIKSEM GEOPHYSICAL SERVICES. Mr. Ivan Brown has resigned as finance director.

★

Mr. John Steele, chief executive of SWAN HUNTER SHIPBUILDERS, has been made chairman. He joined the company as an apprentice draughtsman in 1931 and in 1971 was appointed to the main Board of Swan Hunter Group. In anticipation of nationalisation last year, Mr. Steele became chief executive.

HOME CONTRACTS

Fifty-four traditionally-styled houses and flats are being built for the Aldwyck Housing Association, by JOHN WILLMOTT HOUSING. Work on the two- and three-bedroom dwellings — 30 houses and 24 flats—at French Horn Lane, Hatfield, has started. Completion of the £612,000 contract is due in July 1979.

★

PNEULEC, Smethwick, a Birmid Qualcast company, is to supply foundry equipment to produce tractor castings at the Doncaster works of International Harvester Company of Great Britain. Consisting of an automatic Moldmaster high pressure squeeze moulding plant with mould handling equipment and full sand plant facilities, the equipment costs over £1.4m.

★

The Ministry of Defence has placed an order with HALMATIC for two Atlantic 21 twin outboard powered rigid inflatables to full self-righting specifications complete with launching and recovery trolleys. The two boats are for the Royal Air Force. Similar rigid inflatables have been ordered by Crozier Lucas, Halmatic's distributor in Canada, and by the RNLI.

★

HUMPHREYS AND GLASGOW SERVICES has been awarded a contract for the installation of mechanical services for a new shopping centre development at Pollok Town Centre, Glasgow. The contract, worth about £250,000 has been awarded by Crudens, main contractors to Score Property Developments.

★

DOWTY FUEL SYSTEMS, Cheltenham, Gloucestershire, is supplying carbon dioxide compressors for installation at Trawsfynydd nuclear power station in Wales. The units are worth nearly £150,000. The compressors are used in the burst can detection circuit on Magnox nuclear reactors. They draw off a continuous sample of the reactor cooling gas for monitoring to ensure that its level of radioactive contamination is within prescribed limits.

Coutts opens Norwich office

COUTTS has opened its first representative office, in Norwich.

Mr. Julian Robarts, deputy managing director of Coutts, said yesterday that this was in response to the increasingly heavy demands in the area for the kind of personal service the bank provided. "We like to make the facilities of the bank fit the needs of the customer, rather than persuade the customer to use methods convenient to the bank," he said.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Mon., June 19, 1978

CAPITAL GOODS (171); Building Materials (28); Contracting, Construction (26); Electricals (15); Engineering Contractors (14); Mechanical Engineering (72); Metals and Metal Forming (16); CONSUMER GOODS (DURABLE) (53); Lt. Electronics, Radio TV (15); Household Goods (12); Motors and Distributors (25); CONSUMER GOODS (NON-DURABLE) (175); Breweries (14); Wines and Spirits (6); Entertainment, Catering (17); Food Manufacturing (22); Food Retailing (15); Newspapers, Publishing (13); Packaging and Paper (15); Stores (39); Textiles (25); Tobaccos (3); Toys and Games (6); OTHER GROUPS (97); Chemicals (19); Pharmaceutical Products (7); Office Equipment (6); Shipping (10); Miscellaneous (55); INDUSTRIAL GROUP (495); Oils (5); 500 SHARE INDEX; FINANCIAL GROUP (100); Banks (6); Discount Houses (10); Hire Purchase (5); Insurance (Life) (10); Insurance (Composite) (7); Insurance Brokers (10); Merchant Banks (14); Property (31); Miscellaneous (7); Investment Trusts (50); Mining Finance (4); Overseas Traders (19); ALL-SHARE INDEX (673)

FIXED INTEREST PRICE INDICES

British Government	Mon. June 19	Day's change %	xd adj. To-day	xd adj. 1978 to date
1 Under 5 years	104.49	−0.18	—	4.26
2 5-15 years	113.48	−0.58	0.21	5.95
3 Over 15 years	119.59	−0.62	0.52	7.82
4 Irredeemables	125.22	−0.76	—	6.30
5 All stocks	112.04	−0.48	0.13	5.72

FIXED INTEREST YIELDS

Br. Govt. Av. Gross. Red.

Low Coupons; Medium Coupons; High Coupons; Irredeemables

20-yr. Red. Deb & Loans (15); Investment Trust Prefs. (15); Coml. and Indl. Prefs. (20)

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Crusader Insurance Co. Ltd.

Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. June 6	70 1	79.5	.....	—

Eagle Star Insur/Midland Ass.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	51.3	53 2	−0.2	5.86

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe 0494 33377

Equity Fd.	115.4	119.3	−0.7	—
Property Fd.	105.8	111.3	......	—
Fixed Interest F.	106.8	112.4	−0.4	—
Gtd. Deposit Fd.	98.8	104.0	......	—
Mixed Fd.	109.8	115.5	−0.6	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	80.3	84.5	.....	—
Nelex Eq. Accum.	113.7	119 7	+0 1	—
Nelex Money Cap.	61.3	64.5	.....	—
Nelex Mon. Acc.	64.8	68.2	.....	—
Nelex Gth Inc Acc.	49.1	51.6	.....	—
Nelex Gth Inc Cap.	49.8	52.4	.....	—
Nel Mxd. Fd. Cap.	47.8	50.3	.....	—
Nel Mxd. Fd. Acc.	48.2	50 7	.....	—

Next Sub. Day May 25

For New Court Property see under Rothschild Asset Management

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 465-470

INSURANCE BASE RATES

† Property Growth 9½%

† Vanbrugh Guaranteed .... 9 %

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
88	83½	Ireland 7½pc '81-83	83½xd	......	7½	11.75
91	79	Do 8¾pc '81-86	81	......	9¾	12.85
375	265	Japan 4pc '10 Ass.	365xd	......	—	—
87	70	Do 6pc '83-88	71½	......	6	11.10
160	145	Peru Ass 3pc	155	......	3	1.95
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
96	94	Uruguay 3½pc	96	......	3½	3.90

U.S. $ & DM prices exclude inv. $ premium

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly.	20½	......	—	—
34½	33	Do 5pc Pref	34½xd	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4½pc.	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do 6pc '28 Stab. Ass.	51	......	6	£6.00
44	40	Do 4pc Mixed Ass.	43	......	4	14.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	......	—	12.60

AMERICANS

S.E. List Premium 31% based on U.S.$1.8340 per £

Conversion factor 0.6828 (0.6685)

CANADIANS

S.E. List Premium 31% (based on $2.0334 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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Manchester: Queens House, Queens Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

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هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	180	-5	Q50c	1.3	23.7
24	15	Rhod'n Corp. 16⅔p.	16	-1½	0.56	7.1	5.3
80	52	Roan Cons. K4	68	-2	—	—	—
175	122	Tanganyika 50p	156xd	-2	Q10.0	ϕ	6.4
90	78	Do. Pref 80p	90xd	......	Q9%	16.4	8.0
41	32	Wankie Col. Rh.1	36	-1	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	13½	-1	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14	......	—	—	—
132	64	Bougainville 50 Toea.	116	+1	Q8c	1.4	4.3
125	63	BH South 50c	110	-3	—	—	—
820	150	Central Pacific	570	-25	—	—	—
245	148	Conzinc Riotinto 50c.	235	-5	Q10c	2.2	2.6
72	48	G.M. Kalgoorlie $1.	55	......	—	—	—
138	81	Hampton Areas 5p	128	-1	1.45	4.1	1.7
40	10	Metals Ex. 50c	25	-1	—	—	—
220	125	M.I.M. Hldgs. 50c	208	+2	Q9c	1.7	2.7
39	10	Mount Lyell 25c	32	..	—	—	—
6½	1½	Newmetal 10c.	4½	+½	—	—	—
143	79	North B. Hill 50c.	123	-1	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	14	......	—	—	—
178	117	Oakbridge $A1.	170	-6	†Q11c	1.9	4.0
48	30	Pacific Copper	38	-2	—	—	—
£14¾	750	Pancont'l 25c	£14¼	-¼	—	—	—
40	12	Paringa M&Ex 5p	38	-1	—	—	—
538	310	Peko-Wallsend 50c.	510	-10	Q15c	4.0	1.8
300	50	Southern Pacific	195	-23	—	—	—
160	84	Westn. Mining 50c.	144	-3	†Q6c	1.4	‡
70	35	Whim Creek 20c.	55	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
360	240	Ayer Hitam $M1	355	......	‡Q416.7c	0.9	‡
60	45	Beralt Tin	53	......	3.75	4.4	11.2
290	200	Berjuntai $M1	285	......	‡Q110c	ϕ	‡
145	111	Geevor	135	......	h4.51	3.4	5.1
10	8½	Gold & Base 12½p.	9½	-½	—	—	—
290	220	Gopeng Cons.	290	......	15.0	0.9	7.9
165	130	Hongkong	165	......	—	—	—
93	78	Idris 10p	88	......	12.0	1.6	21.8
11	10	Jantar 12½p	10	......	—	—	—
73	68	Kamunting $M0.50.	68	......	†Q15.5c	0.7	4.9
490	450	Killinghall	490	......	Q125	ϕ	25.5
400	280	Malay Dredging $M1.	400	......	†Q95c	0.8	5.1
70	40	♦Pahang	70	......	†Q3.75c	0.5	‡
62	50	Pengkalen 10p	60xd	......	6.5	1.3	16.7
210	165	Petaling $M1	203xd	......	†Q80c	1.6	6.8
61	49	Saint Piran	51	......	‡1.99	4.6	5.9
61	47	South Crofty 10p.	59	......	h4.13	1.5	10.6
205	140	South Kinta $M0.50	205	......	†Q77.8c	1.4	8.2
305	230	Sthn Malayan $M1	305	......	[illegible]	1.1	9.2
220	134	Sungei Besi $M1	220	......	Q65c	ϕ	—
75	55	Supreme Corp. $M1	75	......	ZQ10c	—	2.9
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	96	......	[illegible]	1.6	‡
220	148	Tronoh $M1	210	......	ZQ88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	87	-2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p.	15	......	—	—	—
300	220	Cons. Murch. 10c	225	......	‡Q30c	2.6	‡
465	245	Northgate C$1	440	-15	—	—	—
234	164	R.T.Z.	223	-1	9.5	2.8	6.5
90	30	Sabina Inds. C$1	77	-7	—	—	—
£12	750	Tara Exptn. $1	£11¼	-¼	—	—	—
45	43	Tehidy Minerals 10p.	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	180	......	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ↔ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr Est. 50p	270	......
Clover Croft	26	......
Craig & Rose £1	445xd	......
Dyson (R. A.) A.	37	......
Ellis & McHdy.	62	......
Evered	18	......
Fife Forge	50	......
Finlay Pkg 5p.	23	......
Graig Ship £1	154	......
Higsons Brew.	80	......
I.O.M. Stm £1	150	......
Holt (Jos.) 25p	265	......
Nthn. Goldsmith	53	-1
Pearce (C. H.)	165	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	90	......

IRISH

Conv 9% '80/82	£91	-¼
Alliance Gas	73	......
Arnott	344xd	-1
Carroll (P.J.)	92xd	+2
Clondalkin	98	+1
Concrete Prods.	130	......
Heiton (Hldgs.)	46	......
Ins. Corp.	143	......
Irish Ropes	130	......
Jacob	65	......
Sunbeam	30	......
T.M.G.	170	......
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14		
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intereuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	8	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	15

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday June 20 1978

Trade surplus cut is Japan's main responsibility—Fukuda

BY CHARLES SMITH

TOKYO, June 19

JAPAN REGARDS the reduction of its trade surplus as its biggest international responsibility at present, and is contemplating emergency uranium imports and oil stockpiling as short-term measures, Mr. Takeo Fukuda, the Prime Minister, said today.

Mr. Fukuda was addressing foreign correspondents as the Finance Ministry announced that Japan's visible trade surplus in May was reduced by nearly $1bn compared with April. An acceleration of shipments in advance of a new import tariff imposed on June 1 is a major factor behind the change, and the smaller surplus is not being taken as an indicator of dramatic results in Japan's attempts to cut its surplus.

Mr. Fukuda said cutting down the surplus depended ultimately on increasing imports, which in turn meant reviving domestic *demand. A decisive factor* would also be the reduction of exports, and the Government had persuaded industry to keep the volume of exports during the fiscal year 1978 at the same level as in 1977. But the government could not be answerable for fluctuations in the dollar value of exports, he said, as this depended on factors outside Japan's control, such as the rate of inflation in the U.S.

Asked whether he would commit Japan at the Bonn summit to reducing Japan's current account surplus to $6bn during the current fiscal year, Mr. Fukuda said this was a "hypothetical figure," which had been used during the compiling of the 1978 Budget. He implied that the figure did not represent a target, and that Japan was in no way committed to achieving it.

The dollar-denominated trade surplus for May amounted to $1.35bn, compared with the April *figure of $2.27bn. Imports, at* $6.27bn, showed a rise of 16 per cent over the level of one year ago. Oil imports according to the Finance Ministry, totalled 29m kilolitres during the month, or between 6m and 7m kilolitres more than the average for the past year.

In value terms, this translates into a temporary increase in the monthly oil import bill of approximately $600m. The high level of oil imports in May could be followed by a reactionary decline in June.

Exports in May showed a dollar-denominated increase of 27 per cent from the same month last year (to $7.62bn). This compares with a more moderate rise of 13.9 per cent in the April export figure.

Dollar figures for Japan's exports, however, have become increasingly misleading in view of the revaluation of the yen during the last year. In yen terms, exports were up only 3 per cent in May, compared with one year earlier, having fallen by 8.2 per cent in the previous month.

In volume terms, there was a 0.8 per cent export decline last month, compared with a year earlier, following a fall of no less than 5.8 per cent in April.

Officials at the Ministry of Finance interpret these figures as indicating that Japan's exports are now levelling off in real terms, in line with the Government's promise.

The freak rise in oil imports in May helped to give Japan a $110m deficit in its overall balance of payments—the first since last January. Other items making up the overall balance include a $600m deficit on invisibles and a $1.45bn deficit on long-term capital account.

Minister looks for action on Japan surplus, Page 11

Tanker 'forced off course'

By Paul Taylor, Industrial Staff

The master of the Amoco Cadiz claimed yesterday that, in the vital minutes before the vessel's steering gear failed, he was forced to change course and steer closer to the French coast to avoid a collision with another tanker in the wrong shipping lane.

Captain Pasquale Bardari was giving his first evidence to the Liberian Board of Inquiry in London after being released by the French authorities. He told the Board that at about 9.45 a.m. on March 16 when the vessel's steering gear failed the tanker was off course and about 1.1 miles closer to the French coast than it would have been had he not had to change course to avoid a "rogue" tanker which was "in violation of the traffic separation scheme."

Captain Bardiri said that at 9 a.m. following a night of storms with winds reaching force eight, the Amoco Cadiz was heading north "in the middle" of the Ushant shipping separation scheme—which was designed to avoid vessels colliding.

A small tanker was spotted further out to sea but heading south across the shipping lanes toward the Amoco Cadiz, so he ordered his vessel to "turn to the east to avoid a collision."

He said he did not manage to obtain the name of the "small tanker" which forced the Amoco Cadiz off course, but said small ships often broke international agreements on shipping lanes.

Other ships

Captain Bardari said that the Amoco Cadiz had to leave the shipping lane to avoid the small tanker and passed it at about 9.30. The supertanker was then unable to turn back onto its proper course because of other ships in the area.

He said that he intended to steer the vessel back on course "as soon as it was possible" but at 9.45 the helmsman on the bridge reported that the rudder remained to port when he *turned the wheel* to starboard.

This was the first occasion that Captain Bardari realised the steering gear had failed. The Amoco Cadiz was, by this time, 7½ miles north of Ushant.

When the steering gear failed, Captain Bardari ordered the engines stopped and sent messages out to other ships on two frequencies telling them to "keep clear."

By 10.05 a.m. the vessel had turned to port but had stopped moving forwards and at 11.10 a.m. Captain Bardari phoned Radio Brest and was told that the salvage tug Pacific was in the area.

Ten minutes later, he was told by the chief engineer that the vessel's hydraulic steering system had failed and that efforts to repair it had been "abandoned."

He then radioed for "immediate assistance" and at 12.20 the tug Pacific arrived. Captain Bardari told the Board: "I thought the tug would be capable of getting us under tow."

Twenty minutes after arriving, the tug captain asked for the Lloyds Open Form — a standard form of salvage contract. Instead, Captain Bardari offered him a "straight towing contract" which was accepted and at 1.14 the first line was put on board the stranded supertanker.

Captain Bardari will continue giving evidence today on the events which lead up to the grounding of the Amoco Cadiz.

THE LEX COLUMN

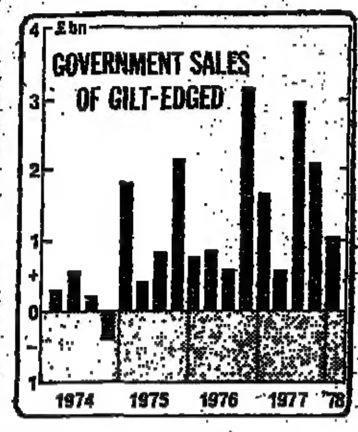
Bank aims down the middle

The Bank of England has learned at least one lesson from the recent mini-crisis. The latest Quarterly Bulletin argues that the authorities should keep monetary growth well within the target range, rather than try to live dangerously near the upper limit. It was the failure to react during February and March, when sterling M3 was growing at near the 13 per cent limit, that exposed the authorities to such a serious breach of the targets when the unexpected late surge in monetary growth arrived. The overshooting of the target range was, the Bank confesses, "as much of a disappointment to the authorities as to the markets." By implication the official reaction to monetary overshooting will be much more immediate in future.

Having tightened monetary policy the Bank is clearly concerned that the message should get through to wage earners. It is worried that there will not be the actual deceleration in earnings growth required to keep inflation down. Yesterday's earnings figures for April, though still just about consistent with a 14 per cent outturn for the current wage round, are disturbing in this context. And anyway the Bank is warning that company profit margins are likely to be eroded during 1978 by accelerating costs.

This does not add up to a situation of peace of mind for the financial markets. Yesterday, moreover, the recent bout of indigestion in gilt-edged took a turn for the worse as stags of last week's long tap issue began to unload on an increasing scale, a few days ahead of the next call.

Index fell 3.6 to 467.0



OCL

The future of Overseas Containers (OCL) as a limited liability company hangs in the balance this week. For the consortium-owned shipping business will almost certainly have to be turned into a partnership unless a new clause is added to the Finance Bill today or tomorrow extending group tax relief for the members of consortia. Otherwise there is a distinct possibility that OCL may actually have to pay mainstream UK corporation tax—a rare event indeed for shipping companies—within the next two years.

The trouble is that OCL has been far more profitable than its shareholders—P & O, Ocean Transport, Furness Withy and British and Commonwealth Shipping — appear to have expected when they originally set it up back in 1969. As a result it could well run out of unused capital allowances within another year or two. This would mean that it would have to pay mainstream corporation tax because its shareholders would be prevented by existing tax law from setting off some of their own unused tax losses against OCL's taxable profits. At present losses can only be surrendered upwards to a parent, not downwards to an associate.

OCL hopes this will be changed in the Finance Bill committee if a new clause allowing losses to be surrendered both ways is approved, though there is some doubt whether the proposed amendment would help a company like British and Commonwealth Shipping which holds its OCL stake through a non-trading subsidiary. If the move fails OCL's shareholders will probably turn it into a partnership, a prospect not at all welcomed by OCL's directors, who do not fancy the challenge of commercial life under the 1890 Partnership Act.

Dawson International

Dawson International has forged ahead in sturdy fashion, with pre-tax profits for the year showing a 50 per cent rise to £15.5m. Given its concentration at the quality end of the textile market Dawson is little affected by the general textile cycle in the UK, and these results reflect the influx of tourists (boosted by the Jubilee) and a big push on exports, which jumped by more than a quarter. Overall, volume rose by around 12 per cent. This was in spite of more difficult conditions in the important U.S. market which takes about a tenth of total production.

However, while this recent growth looks impressive, the chairman's cautious words indicate that Dawson could be heading for a plateau. Certainly, the retail prices of garments made from cashmere and other luxury fibres are at a level where continuing volume gains will be more difficult to come by. Also, with tourists taking such a large proportion of knitwear production (around a third of group sales last year) the burning question is whether Britain's foreign visitors will continue to arrive in such large numbers. Above all there is the nagging memory that Dawson's past booms have consistently been followed by nasty setbacks. At 132p the p/e is just 3.3, and the 4.3 per cent yield is backed by cover of more than ten times.

The rising yen

The sharp drop in Japan's current account surplus did not stop the Japanese currency from hitting a new peak of Y213.15 against the U.S. dollar yesterday, before closing at Y213.40. After a temporary setback in April and May when the yen/dollar rate fell back from 218 to 230, the Japanese currency has performed strongly in recent weeks and looks set to breach the 210 level and possibly the 200 level, now that the Japanese authorities have apparently stopped intervening heavily.

Too much significance should not be put on the May trade figures which were adversely affected by a surge in oil imports ahead of the imposition of a new import tariff. Japan is still generating a very large visible surplus. Last year the original official forecast was for a current account deficit of $0.7bn—in fact there was a surplus of well over $10bn. This year, the authorities are talking about reducing the surplus to $6bn but unofficial estimates suggest it could well increase to over $15bn. Hence the pressure on the yen. There are, however, signs at last of a rising outflow of capital, partly due to foreigners unwinding their positions in the bond market. If these flows continue at current rates they should start to relieve the upward pressure on the yen over the longer term.

Price rise rule may change

By Elinor Goodman, Consumer Affairs Correspondent

THE GOVERNMENT is expected to publish shortly proposals for reducing the amount of information companies have to give the Price Commission before raising their prices. The change is one of a number which will probably be made this summer to coincide with the expiry of the Price Code.

As a first step, the Department of Prices yesterday published proposals for stopping food and drink retailers re-pricing goods already on the shelves. This will replace the clause in the Price Code which *bans re-pricing on all goods with* a stock turnover of more than 10 times a year. The new order will cover only food and drink and make no allowance for stockturn.

The Price Code, which embodies the present controls on companies' profit margins, has been running alongside the new more flexible set of price controls for the last year. It expires at the end of July and the Government apparently wants to make some changes to the remaining controls at the same time.

As well as possibly altering the profit safeguards in the controls, the Government has decided to try to reduce the administrative burden on both companies and the Price Commission.

These changes, which will probably be published in the form of a consultative document later this month, could mean that some smaller companies would no longer have to notify the commission of proposed increases and that those companies still having to notify would not have to submit so much information about smaller increases as they do at present.

Investigation

It had been hoped that the Price Commission and the Confederation of British Industry would be able to agree on a joint proposal for reducing the information requirements on companies. But the talks broke down at the last moment and the two sides have put forward different proposals to the Department of Prices.

At present all manufacturers with a turnover of more than £9m a year have to give the commission 28 days' advance notice of any price increase of over 2 per cent. The CBI is believed to have wanted all increases of under 5 per cent to be exempted from the pre-notification requirements together with those which yielded less than £250,000 a year in additional revenue.

The commission, however, is understood to have argued that it ought to continue to be kept informed of these smaller increases but that it was in favour of greatly reducing the amount of information companies would have to provide with small increases.

Under the commission's proposals, the information requirements would be reduced for about a third of the increase now being notified. The idea would be to devise some formula under which companies proposing smaller increases would not have to do much more than tell the commission when, and by how much, they wanted to raise their prices. The commission would be free to ask for more information if it needed to decide whether to carry out a full three month investigation.

Such a formula would represent a big reduction in the amount of information companies now have to give the commission.

Germans resist pressure for faster growth

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, June 19.

IN SPITE of renewed pressure from its EEC partners, West Germany today stood firmly by its refusal to commit itself to any specific target for faster economic growth in advance of next month's summit meetings in Bremen and Bonn.

Moreover, the Community now appears effectively to have abandoned its official objective of an average growth rate of 4.5 per cent by the middle of next year. This was adopted, albeit amid German reservations, by heads of governments of the Nine when they met in Copenhagen less than three months ago.

EEC Finance Ministers spent several hours here this afternoon hammering out a joint pre-summit statement of their positions. But the most that the German delegation would accept was a vague reference to the fact that unemployment could not be reduced without an additional *1.5 to 2 per cent growth* in the average gross domestic product of the Nine.

No date has been fixed, however, for achieving this level of growth. M. Francois-Xavier Ortoli, the European Commissioner for Economic Affairs, told the Council that on the basis of their present policies the Nine was unlikely to attain a GDP growth of much more than 2.5 per cent in real terms this year and in 1979.

At German insistence, the Commission dropped plans to recommend individual growth targets for the Nine to today's talks. M. Ortoli will be free, however, to submit a paper along these lines to the summit meeting of EEC heads of government in Bremen early next month.

Mr. Denis Healey, UK Chancellor, said after the meeting that despite his attempts to persuade Germany to modify its position, he had some sympathy for it.

He contended that the German Government was reluctant to commit itself to faster growth while it remained unsure how far other EEC members would go to meet its demands for arrangements to stabilise currencies and whether the US would act effectively to cut its oil import bill.

The implication of his analysis is that he does not expect Germany to announce any firm new reflationary plans at least until the seven nations western summit in Bonn in mid-July, *since the US will not be represented* at the EEC summit meeting in Bremen ten days earlier.

Mr. Healey displayed considerable interest today in a series of proposals for linking sterling with other EEC currencies inside a new form of monetary arrangement. But in spite of his apparent optimism he doubted whether the Nine were going to be able to work out arrangements in principle by the Bremen or Bonn summits.

He said that he favoured a relatively strict arrangement, which would impose an obligation on participating countries to intervene to keep their currencies within specified margins, as members of the currency "snake" do at present. Specifically, he displayed interest in two proposals along these lines drawn up by the EEC monetary committee.

However, Mr. Healey said that Britain would not be prepared to participate in any new currency arrangement unless it was satisfied that it met a number of criteria. The first of these was that such an arrangement should not constrain economic growth by preventing parity changes when they were justified by balance of payments or inflation factors.

The second condition was that it must be clearly recognised that surplus countries had an obligation to adjust their policies in the light of their economic performance, and not just those countries running a deficit. He said that the key to any future arrangement must be that it provided for an equitable sharing out of rights and obligations among participants.

It was also essential that the EEC's credit facilities be increased to permit it to defend any new currency plan against the threat of speculative attacks. But beyond this, there must be moves to bring about an effective transfer of resources from the richer to the poorer regions of the Community, especially if the creation of an eventual monetary union was envisaged.

EEC hope on U.S. import curbs

BY JUREK MARTIN

WASHINGTON, June 19.

EUROPEAN NEGOTIATORS at the trade talks here appear more confident that the U.S. will in the end agree to adopt the so-called "injury test" before imposing restrictions on imports which adversely affect domestic industries.

A spokesman at the U.S. special trade representative's office acknowledged this morning that the U.S was "prepared to negotiate" the incorporation of an injury test into U.S. statutes.

He made it clear, however, that the precise wording of such a formula had yet to be worked out and that the U.S., in any case, was still insisting on the *quid pro quo* of European acceptance of greater discipline over the controversial subject of subsidy payments.

Sir Roy Denman, the EEC's director-general of external relations, maintained in an interview here this morning—on the second day of a scheduled three days of talks between the U.S., the EEC, Japan and Canada—that if the U.S. did not enact some form of injury law then major problems could be created next year when certain key statutory powers of the 1974 Trade Act expired.

He was referring to the countervailing duties authority which runs out on January 3 next year. The U.S. spokesman agreed that expiration of this authority was "a source of great concern to us all."

Under current practice, the U.S. is exceptional in that it is not necessary to prove actual damages caused by imports to a domestic industry before levying countervailing duties. It is merely sufficient to prove that imports have been subsidised by foreign governments.

However, the President is empowered to waive the imposition of additional levies if he thinks fit.

Sir Roy acknowledged that it would be difficult to find the right language on subsidies that could reassure the U.S. and simultaneously not circumscribe to an excessive degree the right of national government to take action.

The EEC is suggesting that some form of consultative mechanism be established covering both subsidies and what are known as "selective safeguards"—that is, the right in individual countries to move speedily against the imports of another country should the clear need arise.

In the EEC view, Sir Roy said, any such "committee of signatories" should in practice have limited power, if for no other reason than that the U.S. Congress would object were it to be given too much authority.

Sir Roy said it was "possible" for Board agreement to be reached on the major areas of a new multinational trade agreement by the July 15 deadline set by Mr. Robert Strauss, the U.S. chief negotiator.

So far, the Washington talks over the last 24 hours have consisted of a series of bilateral meetings between the four parties. This evening, Mr. Robert Strauss, U.S. special trade representative, is giving a dinner for the delegation heads at which the first attempt at co-ordinated progress will be made.

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Bank urges cut

attention to the monetary targets.

Following the excessive growth recorded last year the control should aim at keeping the growth around the middle of the target range — set at 8-12 per cent for the current year—rather than accepting a figure around the top of the range.

Discussing the effect of monetary growth on the sterling exchange rate earlier this year, the Bank reports that its own research has failed to find a close-knit relationship of the kind suggested by the international monetarist school.

The pace of monetary expansion did not become fully apparent until May, and "seems unlikely to have played a major role in the weakening of confidence in sterling in March."

But in the longer term, evidence suggested that keeping monetary growth within the target range could only be helpful for exchange rate stability.

The "discretionary" element of fiscal policy—the specific changes introduced by Government—has considerably reduced activity over the period from 1974 to 1977.

But this has been offset by the automatic stabilising impact of changes in tax payments and benefits. These have increased the public sector financial deficit by 6.1 per cent of Gross Domestic Product.

In spite of the recent rise in activity, many firms still had "ample spare, if sometimes outdated, capacity."

But there was concern over the shortage of skilled labour in certain sectors of industry, which could create supply bottlenecks as the economy picked up.

Mary Campbell adds: The Bulletin includes a table showing interest payments due on public sector foreign borrowings over the next ten years.

The table shows that at $1.7bn, these could next year amount to an appreciable sum by comparison with the $2.2bn due in repayments of principal. But whereas the repayments of principal increase in subsequent years to a peak of $5.2bn in 1981, payments of interest fell to $1.5bn in 1980, $1.2bn in 1981 and well under $1bn a year subsequently.

The overall figure of interest payments due on the debt is $9.3bn.

For the purposes of estimating future interest payments, the Bank has assumed that loans with variable rates would continue at the interest rate levels ruling last March, of 7½ per cent.

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Earnings

upward pressures linked to the rise in output.

On the first point, the Department of Employment said yesterday that by the middle of this month some 70 per cent. of workers covered by major settlements had agreed, and 98 per cent of these deals were within the official guidelines.

Moreover, the official examination of productivity agreements has not highlighted any cases where there was a failure to observe self-financing requirements.

The older index increased by 15 per cent in the 12 months to April to 326.1 (January 1970=100), compared with a 7.9 per cent increase in retail prices in the period.

The newer index for the whole economy rose by 12.5 per cent in the year to April to 127.2 (January 1976=100). The index was 125.0, not seasonally adjusted, in March.

Basic weekly wage rates rose by 0.3 per cent in May to 257.7 (July 1972=100), for an increase of 14.3 per cent in the last year. This index covers only nationally negotiated basic rates for manual workers.

Weather

UK TODAY

RAIN over N. Ireland and W. Scotland will spread South-East later.

London, S.E. England, E. Anglia
Mainly dry. Max. 21C (70F).

Central S. England, E. and S.W. England, N. England, the Midlands
Sunny intervals, rain later.

Channel Is.
Cloudy, rain at times.

Wales, N.W. and N.E. England, Lakes, Isle of Man, Borders, S.W. Scotland
Cloudy, rain later.

The Highlands, N. Ireland
Rain at first. Max. 15C (59F).

Outlook: Showers and sun

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	20	68	Manchstr.	S	19	66
Athens	S	32	90	Melbourne	C	13	55
Bahrain	S	37	99	Mexico C.	C	21	70
Belfast	C	13	55	Milan	S	22	72
Belgrade	C	19	66	Montreal	C	19	66
Berlin	S	22	72	Moscow	R	11	52
Birmghm.	S	23	73	Munich	S	19	66
Bristol	S	23	73	Newcastle	F	19	66
Brussels	S	21	70	New York	F	28	82
Budapest	S	20	68	Oslo	C	14	57
B. Aires	C	8	46	Paris	F	20	68
Cairo	S	36	97	Perth	R	13	55
Cardiff	S	21	70	Prague	F	20	68
Chicago	S	23	73	Reykjavik	F	9	48
Cologne	S	22	72	Rio de J'o	S	25	77
Copnhagn.	S	21	70	Rome	F	26	78
Dublin	C	13	55	Singapore	S	14	57
Edinburgh	C	15	59	Stockholm	F	21	70
Frankfurt	F	21	70	Strasbrg.	F	20	68
Geneva	T	15	59	Sydney	R	14	57
Glasgow	C	16	61	Tehran	S	31	88
Helsinki	C	17	63	Tel Aviv	S	26	79
H. Kong	S	30	86	Tokyo	C	29	84
Jo'burg	S	20	68	Toronto	S	19	66
Lisbon	F	20	68	Vienna	S	19	66
London	S	23	73	Warsaw	F	19	66
Luxembrg.	C	17	63	Zurich	F	20	68

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	21	70	Istanbul	S	28	82
Algiers	C	21	70	Jersey	S	19	66
Biarritz	S	18	64	Las Plms.	C	21	70
Blackpool	C	14	57	Locarno	R	16	61
Bordeaux	C	21	70	Malaga	S	22	72
Boulogne	S	15	59	Malta	S	29	84
Casblnca.	F	20	68	Nairobi	C	16	61
Cape Tn.	C	14	57	Naples	S	30	86
Corfu	S	31	88	Nice	S	21	70
Dubrovnik	S	27	81	Nicosia	S	28	82
Faro	F	19	66	Oporto	F	18	64
Florence	S	25	77	Rhodes	S	29	84
Gibraltar	S	22	72	Salzburg	S	22	72
Guernsey	S	17	63	Tangier	S	20	68
Innsbruck	S	22	72	Tenerife	C	13	55
Inverness	C	13	55	Tunis	S	26	79
Is. of Man	R	11	52	Venice	S	23	73

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunder.

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